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The Bureau of Ordnance budget system

Schmitt, Earl Joseph

George Washington University ; School of Government, Washington, District of Columbia.

THE BUREAU OF ORDNANCE BUDGET SYSTEM

By
Earl J. Schmitt

THE GEORGE WASHINGTON UNIVERSITY
SCHOOL OF GOVERNMENT

U. S. NAVY GRADUATE COMPTROLLERSHIP COURSE

THE BUREAU OF ORDNANCE BUDGET SYSTEM

FOR

DR. A. REX JOHNSON
SEMINAR IN COMPTROLLERSHIP

PREPARED BY
EARL JOSEPH SCHMITT
LIEUTENANT COMMANDER
SUPPLY CORPS
UNITED STATES NAVY

JANUARY 1954

PREFACE

JUST BEFORE REPORTING TO THE NAVY POSTGRADUATE COMPTROLLERSHIP COURSE AT GEORGE WASHINGTON UNIVERSITY, IT WAS MY PLEASURE TO SERVE AS SUPPLY AND FISCAL OFFICER OF THE NAVAL UNDERWATER ORDNANCE STATION, NEWPORT, RHODE ISLAND. THIS STATION IS UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE, DEPARTMENT OF THE NAVY. DURING THIS PERIOD, MY DEALINGS WITH THE BUREAU OF ORDNANCE WERE ALWAYS VERY PLEASANT. IN PARTICULAR, THE FINANCIAL DIVISION WAS ALWAYS VERY HELPFUL WITH ANY PROBLEMS AND WAS ALWAYS READY TO RENDER ANY ASSISTANCE REQUIRED.

I WAS VERY MUCH IMPRESSED WITH THE IMPROVEMENTS THAT THE BUREAU OF ORDNANCE HAD MADE IN THE FINANCIAL MANAGEMENT AREA DURING MY TOUR OF DUTY. ALSO IN IMPLEMENTATION OF TITLE IV AMENDMENTS TO THE NATIONAL SECURITY ACT OF 1949, THE BUREAU OF ORDNANCE WAS ONE OF THE FIRST BUREAUS OF THE DEPARTMENT OF THE NAVY TO ESTABLISH A COMPTROLLER AND TO INSTALL THE NAVY INDUSTRIAL FUND ACCOUNTING AT ONE OF ITS FIELD ACTIVITIES, THE NAVAL ORDNANCE PLANT, YORK, PENNSYLVANIA.

THIS PROGRESSIVE RECORD OF ACCOMPLISHMENTS BY THE BUREAU IN THE BUDGETING AND ACCOUNTING FIELDS AND THE

PREFACE

Just before reporting to the Navy Postgraduate Comptrollership Course at George Washington University, it was my pleasure to serve as Supply and Fiscal Officer the Naval Underwater Ordnance Station, Newport, Rhode Island. This station is under the management control of the Bureau of Ordnance, Department of the Navy. During this period, my dealings with the Bureau of Ordnance were always very pleasant. In particular, the financial division on was always very helpful with any problems and was always ready to render any assistance required.

I was very much impressed with the improvements that the Bureau of Ordnance had made in the financial management area during my tour of duty. Also in implementation of Title IV amendments to the National Security Act of 1949, the Bureau of Ordnance was one of the first bureau of the Department of the Navy to establish a Comptroller and to install the Navy Industrial Fund accounting at one of its field activities, the Naval Ordnance Plant, York, Pennsylvania.

This progressive record of accomplishments by the bureau in the budgeting and accounting fields and the

EXCELLENT RECEPTION I RECEIVED FROM THE COMPTROLLER AND DEPUTY COMPTROLLER OF THE BUREAU OF ORDNANCE, WERE INDUCEMENTS TO WRITE ON THE BUREAU OF ORDNANCE BUDGET SYSTEM.

THIS PAPER WILL DEAL WITH THE BUDGET SYSTEM AS IT AFFECTS THE FIELD ACTIVITIES OF THE BUREAU. THE FIELD ESTABLISHMENT OF THE BUREAU OF ORDNANCE IS ONE OF THE MOST DIVERSIFIED IN THE NAVY DEPARTMENT. THERE ARE ORDNANCE PRODUCTION ACTIVITIES, ORDNANCE RESEARCH ACTIVITIES, ORDNANCE TESTING ACTIVITIES, ORDNANCE OVERHAUL ACTIVITIES, AMMUNITION STORAGE AND ISSUE ACTIVITIES, AND SEVERAL OTHER MISCELLANEOUS ORDNANCE ACTIVITIES. REAR ADMIRAL E. W. CLEXTON, USN, ASSISTANT COMPTROLLER, BUDGET AND REPORTS, IN A RECENT ADDRESS TO THE NAVY COMPTROLLERSHIP CLASS MENTIONED THE LACK OF ADEQUATE ORDNANCE PRODUCTION ACTIVITIES IN INDUSTRY OUTSIDE OF THE NAVY, WHICH COULD BE CALLED ON IN AN EMERGENCY TO PRODUCE ORDNANCE FOR THE NAVY, SIMILAR TO THE COMMERCIAL AIRCRAFT PLANTS AND SHIPBUILDING YARDS, WHICH CAN EXPAND OR INCREASE PRODUCTION TO HANDLE NAVY CONTRACTS IN A MOBILIZATION PERIOD.

THEREFORE, THE ORDNANCE SHORE ESTABLISHMENT IS EXTREMELY IMPORTANT TO SERVE THE FLEET AND OTHER IMPORTANT

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Department of Defense requirements, in peace and war, and to provide a mobilization base in time of an emergency for increased ordnance production, overhaul, and research.

I want to extend my sincere thanks and to acknowledge the assistance rendered in preparation of this paper by Mr. G. O. Pehrson, Comptroller of the Bureau of Ordnance; Mr. E. S. Tilley, Deputy Comptroller of the bureau; Mr. A. B. Crap, Head of the Budget and Estimates Branch; Mr. W. J. Kennevan, Head of the Fiscal Systems Branch; Mr. W. E. Lilly, Head of the Estimates and Analysis Section; Mr. W. G. Doak, Head of the Special Projects Section; and Mr. R. A. Wicker, Head of the Administrative and Accounting Branch.

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THE ASSISTANCE RENDERED IN PREPARATION OF THIS PAPER BY
MR. D. C. HARRSON, COMPTROLLER OF THE BUREAU OF ORDNANC
MR. E. E. TIBBEY, DEPUTY COMPTROLLER OF THE BUREAU; MR.
A. B. GRAP, HEAD OF THE BUDGET AND ESTIMATES BRANCH; MR
R. L. KNEEVAN, HEAD OF THE FISCAL SYSTEMS BRANCH; MR.
W. S. BILLY, HEAD OF THE ESTIMATES AND ANALYSIS SECTION;
MR. R. D. JONES, HEAD OF THE SPECIAL PROJECTS SECTION; A
MR. E. A. TICKEN, HEAD OF THE ADMINISTRATIVE AND ACCOUNT
ING BRANCH.

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THE COMMISSION BEGAN BY DEFINING TWENTY-FOUR OF THE PRINCIPAL PROBLEMS OF GOVERNMENT AND MANAGEMENT. SPECIAL RESEARCH COMMITTEES OR TASK FORCES COMPOSED OF SPECIALISTS FROM OUTSIDE THE FEDERAL GOVERNMENT WERE CREATED TO INQUIRE INTO EACH OF THESE PROBLEMS.

ONE OF THE TASK FORCES STUDIED BUDGETING AND FISCAL PROCEDURES OF THE NATIONAL MILITARY ESTABLISHMENTS AND RECOMMENDED CHANGES THERETO. THE RECOMMENDATIONS WERE DRAWN UP BY THE TASK FORCES, APPROVED BY THE HOOVER COMMISSION, ACCEPTED BY THE ARMED SERVICES AND PROVIDED IN GENERAL THAT FULL POWERS OVER PREPARATION OF THE BUDGET SHOULD BE VESTED IN THE SECRETARY OF DEFENSE UNDER THE PRESIDENT; THAT THE SECRETARY OF DEFENSE SHOULD DIRECT A FULL REORGANIZATION OF FISCAL AND BUDGET PRACTICES, AND THAT A PERFORMANCE-TYPE BUDGET SHOULD BE INSTITUTED THROUGHOUT THE ARMED SERVICES; AND THAT THE ARMED SERVICES SHOULD BE REQUIRED TO KEEP ACCURATE RECORDS OF THEIR

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THE STATUTORY REACTION TO THE HOOVER COMMISSION RECOMMENDATION WAS THE TITLE IV AMENDMENT TO THE NATIONAL SECURITY ACT OF 1947, WHICH WAS ENACTED INTO LAW BY CONGRESS IN 1949 AS PUBLIC LAW 216.

THE NEW TITLE IV AIMED AT ESTABLISHING UNIFORM BUDGETARY AND FISCAL PROCEDURES AND ORGANIZATION WITHIN THE DEPARTMENT OF DEFENSE. THIS AMENDMENT DIRECTED THE ESTABLISHMENT OF COMPTROLLERS IN THE DEPARTMENT OF DEFENSE, DEPARTMENT OF THE NAVY, DEPARTMENT OF THE ARMY, AND DEPARTMENT OF THE AIR FORCE; AUTHORIZED WORKING CAPITAL FUNDS; AUTHORIZED MANAGEMENT FUNDS; REQUIRED QUANTITATIVE AND MONETARY PROPERTY RECORDING; CALLED FOR THE PERFORMANCE-TYPE BUDGET PRESENTATION BY THE NAVY, ARMY, AND AIR FORCE BY FISCAL YEAR 1952.

THE PREPAREDNESS SUBCOMMITTEE NO. 3 OF THE SENATE ARMED SERVICES COMMITTEE CONDUCTED OPEN HEARINGS FROM THE 2ND TO 4TH OF NOVEMBER, 1953 TO DETERMINE WHAT ACTION HAD BEEN TAKEN BY THE SECRETARY OF DEFENSE AND THE MILITARY DEPARTMENTS IN THE IMPLEMENTATION OF TITLE IV OF THE NATIONAL SECURITY ACT AMENDMENTS OF 1949, AND TO DETERMINE IF FURTHER LEGISLATION WAS REQUIRED.

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In a statement before the Subcommittee under the chairmanship of Senator Flanders of Vermont, the Secretary of the Navy said: [1]

> I strongly concur with the Hoover Commission's observation that the budget and appropriation process is the heart of the management and control of the executive branch. As Secretary of the Navy, I have given, and shall continue to give much of my attention to strengthening the budgetary processes and financial management in Navy. I have found Title IV of the National Security Act Amendments of 1949 to be an excellent piece of legislation. Everything possible has been done to implement its provisions, although further progress is both required and planned.
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> The Navy was particularly fortunate in that, for a great many years prior to the passage of Title IV, the importance of fiscal management had been fully recognized. Advances in this field facilitated implementation of the provisions of Title IV. For example, budget preparation and execution had been an established function under the Office of Budget and Reports since 1941. The Navy, in collaboration with the Navy Appropriation Subcommittee of the House Appropriations Committee, had recommended to the Congress, as early as 1946, the adoption of a revised appropriation structure along program and performance lines. Likewise, coordination of the budget with progress and statistical reporting had been largely effected. Property accounting on both an item and dollar basis has been in existence for many years, except for a temporary interruption during World War II. Industrial or commercial-type accounting, to the extent permitted by law, was also established at major activities prior to Title IV. The Navy has been using a revolving stock fund to finance

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[1] Secretary of the Navy Robert B. Anderson, Statement of the Secretary of the Navy Before Preparedness Subcommittee No. 3 For The Implementation Of Title IV Of The National Security Act Amendments of 1949 Senate Armed Services Committee, pp 1-2.

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[1] Secretary of the Navy Robert A. Lovett, Statement of the Secretary of the Navy before the Navy Subcommittee No. 2 for the Implementation of Title IV of the National Security Act Amendments of 1949 Hearings Committee, p. 4.

COMMON USAGE ITEMS ON AN ISSUE RATHER THAN INITIAL PROCUREMENT BASIS SINCE 1893. THESE ACCOMPLISHMENTS IN FINANCIAL MANAGEMENT ARE MENTIONED TO POINT OUT THAT THE PRIMARY TASKS CONFRONTING THE DEPARTMENT AT THE TIME OF PASSAGE OF TITLE IV WERE CONCERNED LARGELY WITH: (1) BRINGING TOGETHER AND INTEGRATING WITHIN ONE ORGANIZATION THE VARIOUS FISCAL FUNCTIONS BEING PERFORMED AT DIFFERENT ORGANIZATION LOCATIONS THROUGHOUT THE DEPARTMENT; (2) IMPLEMENTING FUNCTIONS WHERE RELATIVELY LITTLE PROGRESS HAD BEEN MADE, SUCH AS INTERNAL AUDITING AND THE ESTABLISHMENT OF WORKING CAPITAL FUNDS AT INDUSTRIAL OR COMMERCIAL-TYPE OPERATIONS; AND (3) PLACING INCREASED EMPHASIS ON IMPROVED POLICIES AND PROCEDURES IN ALL AREAS OF FINANCIAL MANAGEMENT.

IN DESCRIBING THE NAVY'S ACCOMPLISHMENTS IN PERFORMANCE BUDGETING AND THE ESTABLISHMENT OF WORKING CAPITAL FUNDS, THE SECRETARY OF NAVY SAID: [2]

TITLE IV REQUIRES THE ADOPTION OF A PROGRAM OR PERFORMANCE BUDGET WHICH FOCUSES ATTENTION UPON PROGRAMS: (1) OBJECTIVES TO BE ATTAINED; (2) COST; AND (3) ACCOMPLISHMENT. IT ALSO REQUIRES THE SEGREGATION OF OPERATING AND CAPITAL PROGRAMS. FORTUNATELY, THE NAVY HAS LONG BEEN SO ORGANIZED AS TO FACILITATE THE IDENTIFICATION OF FUNCTIONAL PROGRAMS. THE ANNUAL OBJECTIVES FOR EACH PROGRAM ARE DEFINED IN THE BASIC NAVAL ESTABLISHMENT PLAN, WHICH IS REVISED DURING THE YEAR AS PLANNING PROGRESSES. THUS, FUNCTIONAL PROGRAMS IN THE NAVY ARE GIVEN REALITY AND MEANING BY IDENTIFICATION WITH RESPONSIBLE ORGANIZATIONS, STATED MISSIONS, AND SPECIFIC OBJECTIVES.

TITLE IV REQUIRED THE ESTABLISHMENT OF WORKING CAPITAL FUNDS IN ORDER MORE EFFECTIVELY TO CONTROL AND ACCOUNT FOR THE COST OF PROGRAMS AND WORK PERFORMED IN THE DEPARTMENT OF DEFENSE. THE COMPTROLLER'S OFFICE HAS EXPENDED CONSIDERABLE

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[2] IBID. PP 6, 7, 9, 10

common usage items on an issue rather than initial procurement basis since 1892. These accomplishments in financial management are mentioned to point out that the primary tasks confronting the Department at the time of passage of Title IV were concerned largely with: (1) bringing together and integrating within one organization the various fiscal functions being performed at different organization locations throughout the Department; (2) implementing functions where relatively little progress had been made, such as internal auditing and the establishment of working capital funds at industrial or commercial-type operations; and (3) placing increased emphasis on improved policies and procedures in all areas of financial management.

In describing the Navy's accomplishments in performance budgeting and the establishment of working capital funds, the Secretary of Navy said:[2]

> Title IV requires the adoption of a program of performance budget which focuses attention upon programs: (1) objectives to be attained; (2) cost; and (3) accomplishment. It also requires the situation of operating and capital programs. Fortunately, the Navy has long been so organized as to facilitate the identification of functional programs. The annual objectives for each program are defined in the basic Naval Establishment Plan, which is revised during the year as planning progresses. Thus, functional programs in the Navy are given reality and meaning by identification with responsible organizations, stated missions, and specific objectives.
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> Title IV requires the establishment of working capital funds in order more effectively to control and account for the cost of programs and work performed in the Department of Defense. The Comptroller's Office has expended considerable

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[2] Ibid., pp. 6, 7, 9, 10

EFFORT IN THIS AREA. TO DATE, 28 ACTIVITIES OF THE INDUSTRIAL OR COMMERCIAL-TYPE HAVE BEEN CONVERTED TO WORKING CAPITAL FUND FINANCING AND COMMERCIAL-TYPE ACCOUNTING. THIS INCLUDES 3 SHIPYARDS, 2 ORDNANCE PLANTS, 1 POWDER FACTORY, 1 RESEARCH LABORATORY, THE MARINE CORPS CLOTHING FACTORY, MILITARY SEA TRANSPORTION SERVICE, THE DEFENSE PRINTING SERVICE, AND 18 FIELD PRINTING PLANTS. DURING THE REMAINDER OF THE FISCAL YEAR, IT IS PLANNED TO CONVERT 3 ADDITIONAL INDUSTRIAL-TYPE ACTIVITIES. THIS LEAVES A LARGE NUMBER OF ACTIVITIES TO BE CONVERTED. PROGRESS IS INCREASING, HOWEVER, AS PERSONNEL GAIN EXPERIENCE, AND MANUALS OF INSTRUCTIONS AND PROCEDURES ARE PREPARED TO COVER THE VARIOUS TYPES OF INSTALLATIONS.

MANY WHO ATTENDED THESE OPEN HEARINGS FELT THAT THE DEPARTMENT OF THE NAVY HAD PROGRESSED MORE RAPIDLY AND HAD MORE FAVORABLY IMPRESSED THE SUBCOMMITTEE IN THE IMPLEMENTATION OF TITLE IV THAN THE DEPARTMENT OF THE ARMY OR THE DEPARTMENT OF THE AIR FORCE.

FOR THE SECRETARY OF NAVY TO HAVE BEEN ABLE TO GIVE SUCH AN EXCELLENT REPORT OF PROGRESS, IT WAS NECESSARY FOR THE OPERATING BUREAUS OF THE NAVY DEPARTMENT TO HAVE COOPERATED WITH THE COMPTROLLER OF THE NAVY IN THE INSTALLATION OF THE NAVAL INDUSTRIAL FUND AT INDUSTRIAL OR COMMERCIAL-TYPE ACTIVITIES, AND TO IMPROVE BUDGETING, COST ACCOUNTING, APPROPRIATION ACCOUNTING AND PROPERTY ACCOUNTING AT THEIR FIELD ACTIVITIES.

THE BUREAU OF ORDNANCE HAS ACCOMPLISHED EXCELLENT RESULTS DURING THE PAST THREE YEARS IN THE FIELD OF

EFFORT IN THIS AREA. TO DATE, 88 ACTIVITIES OF THE INDUSTRIAL OR COMMERCIAL-TYPE HAVE BEEN CONVERTED TO WORKING CAPITAL FUND FINANCING AND COMMERCIAL-TYPE ACCOUNTING. THIS INCLUDES 3 SHIPYARDS, 3 ORDNANCE PLANTS, 1 POWER FACTORY, 1 RESEARCH LABORATORY, THE MARINE CORPS CLOTHING FACTORY, MILITARY SEA TRANSPORTATION SERVICE, THE 9 FENCE PRINTING SERVICE, AND 16 FIELD PRINTING PLANTS. DURING THE REMAINDER OF THE FISCAL YEAR, IT IS PLANNED TO CONVERT 3 ADDITIONAL INDUSTRIAL-TYPE ACTIVITIES. THIS LEAVES A LARGE NUMBER OF ACTIVITIES TO BE CONVERTED. PROGRESS IS INCREASING, HOWEVER, AS PERSONNEL GAIN EXPERIENCE, AND MANUALS OF INSTRUCTIONS AND PROCEDURES ARE PREPARED TO COVER THE VARIOUS TYPES OF INSTALLATIONS.

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BUDGETING AND ACCOUNTING AT FIELD ACTIVITIES UNDER ITS MANAGEMENT CONTROL. IN ADDITION TO APPOINTMENT OF A BUREAU COMPTROLLER AND BUILDING ITS BUDGET ALONG PROGRAM LINES, THE BUREAU OF ORDNANCE HAS INSTALLED THE NAVAL INDUSTRIAL FUND IN FOUR FIELD ACTIVITIES WITH PLANS FOR EXTENSION OF THE NAVAL INDUSTRIAL FUND TO OTHER ACTIVITIES IN THE IMMEDIATE FUTURE.

SUCCEEDING CHAPTERS WILL GIVE MORE INFORMATION CONCERNING ACCOMPLISHMENTS IN THE FIELD OF BUDGETING AND ACCOUNTING BY THE BUREAU OF ORDNANCE.

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CHAPTER II

THE BUREAU OF ORDNANCE

DUTIES AND RESPONSIBILITIES -- THE BUREAU OF ORDNANCE IS ONE OF THE MAJOR TECHNICAL BUREAUS OF THE DEPARTMENT OF THE NAVY. UNITED STATES NAVY REGULATIONS OUTLINES THE FOLLOWING DUTIES AND RESPONSIBILITIES FOR THE BUREAU OF ORDNANCE:[3]

> THE BUREAU OF ORDNANCE SHALL BE RESPONSIBLE FOR THE FOLLOWING, EXCEPT AS OTHERWISE PRESCRIBED IN THESE REGULATIONS OR BY THE SECRETARY OF THE NAVY:
>
> THE DESIGN, DEVELOPMENT, PROCUREMENT, MANUFACTURE, DISTRIBUTION, MAINTENANCE, REPAIR, ALTERATION, AND MATERIAL EFFECTIVENESS OF NAVAL ORDNANCE; THE RESEARCH THEREIN; AND ALL PERTINENT FUNCTIONS RELATING THERETO INCLUDING THE CONTROL OF STORAGE AND TERMINAL FACILITIES FOR, AND THE STORAGE AND ISSUE OF, AMMUNITION AND AMMUNITION DETAILS.
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> EXCEPT AS OTHERWISE PRESCRIBED IN THESE REGULATIONS OR BY THE SECRETARY OF THE NAVY, THE BUREAU OF ORDNANCE SHALL EXERCISE MANAGEMENT CONTROL OF THOSE COMMANDS AND ORGANIZATIONS ESTABLISHED AS SEPARATE ACTIVITIES OF THE SHORE ESTABLISHMENT WHOSE PRIMARY FUNCTIONS ARE:
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> 1. RESEARCH IN AND DESIGN, DEVELOPMENT, MANUFACTURE, TEST, INSPECTION, ALTERATION, AND OVERHAUL OF NAVAL OFFENSIVE AND DEFENSIVE ORDNANCE, THE COMPONENTS THEREOF, AND THE EQUIPMENTS PERTAINING THERETO.
> 2. STORAGE AND ISSUE OF AMMUNITION AND AMMUNITION DETAILS.

IN ORDER TO ACCOMPLISH THE MANY AND VARIED TASKS ASSIGNED, THE BUREAU OF ORDNANCE UTILIZES NOT ONLY THE ENERGIES AND TALENTS OF 320 NAVAL OFFICERS AND 1,352 CIVILIAN EMPLOYEES AT THE SEAT OF GOVERNMENT IN WASHINGTON, BUT ALSO THE EFFORTS OF 10,251 MILITARY PERSONNEL AND

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[3] UNITED STATES NAVY, UNITED STATES NAVY REGULATIONS, 1948, U.S. GOVERNMENT PRINTING OFFICE, WASHINGTON 1948 P. 43.

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2. STORAGE AND ISSUE OF AMMUNITION AND AMMUNITION DETAILS.

IN ORDER TO ACCOMPLISH THE MANY AND VARIED TASKS ASSIGNED, THE BUREAU OF ORDNANCE UTILIZES NOT ONLY THE SERVICES AND TALENTS OF 650 NAVAL OFFICERS AND 1,372 CIVILIAN EMPLOYEES AT THE SEAT OF GOVERNMENT IN WASHINGTON BUT ALSO THE EFFORTS OF 10,201 MILITARY PERSONNEL AND

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[3] UNITED STATES NAVY, UNITED STATES NAVY REGULATIONS, 1948, U.S. GOVERNMENT PRINTING OFFICE, WASHINGTON 1948.

62,824 EMPLOYEES AT 52 MAJOR FIELD ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU.

ORGANIZATION AND FUNCTIONS -- THE TOP POLICY MAKING AND DIRECTION OF THE BUREAU OF ORDNANCE ORGANIZATION ARE PERFORMED BY THE CHIEF AND DEPUTY CHIEF OF THE BUREAU. THE CHIEF AND DEPUTY CHIEF ARE ASSISTED BY TWO STAFF DIVISIONS, TWO MAJOR OPERATING DIVISIONS AND FIVE SERVICE DIVISIONS IN CARRYING OUT THE MANAGEMENT AND SUPERVISION OF THE BUREAU AND THE NAVAL ORDNANCE ESTABLISHMENT.

THE STAFF DIVISIONS ARE THE PLANNING AND PROGRESS DIVISION AND THE INSPECTOR OF NAVAL ORDNANCE ESTABLISHMENT.

THE OPERATING DIVISIONS ARE THE MATERIAL DIVISION AND RESEARCH AND DEVELOPMENT DIVISION. APPROXIMATELY FIFTY PER CENT OF THE BUREAU CIVILIAN PERSONNEL ARE ENGAGED IN WORK OF THESE TWO DIVISIONS.

THE SERVICE DIVISIONS ARE THE FINANCIAL DIVISION, THE CONTRACT DIVISION, THE ADMINISTRATIVE DIVISION, THE QUALITY CONTROL DIVISION AND LEGAL COUNSEL FOR THE BUREAU.

THE DETAILED FUNCTIONS AND RESPONSIBILITIES OF THE VARIOUS DIVISIONS ARE INDICATED ON THE ORGANIZATION AND FUNCTIONAL CHART OF THE BUREAU OF ORDNANCE, WHICH ILLUSTRATION IS SHOWN ON PAGE 9.

62,324 employees at 52 major field activities under the management control of the Bureau.

ORGANIZATION AND FUNCTIONS -- The top policy making and direction of the Bureau of Ordnance organization is performed by the Chief and Deputy Chief of the Bureau. The Chief and Deputy Chief are assisted by two staff divisions, two major operating divisions and five service divisions in carrying out the management and supervision of the Bureau and the Naval Ordnance Establishment.

The staff divisions are the Planning and Program Division and the Inspector of Naval Ordnance Establishment.

The operating divisions are the Material Division and Research and Development Division. Approximately fifty per cent of the Bureau civilian personnel are engaged in work of these two divisions.

The service divisions are the Financial Division, the Contract Division, the Administrative Division, the Quality Control Division and Legal Counsel for the Bureau.

The detailed functions and responsibilities of the various divisions are indicated by the organization and functional chart of the Bureau of Ordnance, which illustration is shown on page 9.

Notes 1/ Conducts inspections, surveys, and investigations concerning efficiency, safety practices, industrial safety and hygiene, and adherence to directives; recommends appropriate corrective action.

2/ Provides all legal advice and services to the Bureau in connection with all matters pertaining to business or commercial law (except patents) and coordinates all legal matters (except patents) concerning the accomplishment of the Bureau's mission. This includes, but is not limited to, the legal aspects of procurement policies and procedures, and all legal matters relating to procurement, contract termination, property disposition, renegotiation and claims.

BUREAU OF ORDNANCE

CHIEF OF BUREAU — CODE A
DEPUTY & ASSISTANT CHIEF — CODE B

IS RESPONSIBLE TO THE SECRETARY OF THE NAVY FOR THE ACTIVE PLANNING, DIRECTION, COORDINATION, AND CONTROL OF THE BUREAU AND ITS FIELD STATIONS WITHIN THE SCOPE OF THE FUNCTIONS ESTABLISHED AND AUTHORITY DELEGATED IN NAVY REGULATIONS.

MANAGEMENT COUNCIL

CONSIDERS NEED FOR AND RECOMMENDS CHANGES IN POLICY, SYSTEMS OF CONTROL, AND OTHER MATTERS OF A GENERAL MANAGEMENT NATURE; DISCUSSES AND COORDINATES MANAGEMENT PLANS, POLICIES AND OBJECTIVES; PRESENTS DIVISIONAL POINTS OF VIEW ON BROAD MANAGEMENT PROBLEMS.

SPECIAL ASSISTANTS

INSPECTOR OF NAVAL ORDNANCE ESTABLISHMENTS — CODE In
Performs functions indicated in Note 1/
See Chart No. 33.1

COUNSEL FOR THE BUREAU — CODE Le
Performs functions indicated in Note 2/
See Chart No. 33.2

ADMINISTRATIVE DIVISION

DIVISION DIRECTOR — CODE Ad
See Chart No. 33A

PROVIDES OFFICE SERVICES, MILITARY AND CIVILIAN PERSONNEL SERVICES, MANAGEMENT SERVICES, AND TECHNICAL LIBRARY SERVICES; BUDGETS FOR ADMINISTRATIVE EXPENSES; ADMINISTERS SECURITY REGULATIONS AND THE PRINTING, EDITING, AND DISTRIBUTION OF PUBLICATIONS.

FINANCIAL DIVISION

COMPTROLLER AND DIVISION DIRECTOR — CODE Fi
See Chart No. 33B

ADMINISTERS THE PREPARATION OF THE BUREAU'S BUDGET; ALLOCATES AND MAINTAINS ACCOUNTING RECORDS FOR APPROPRIATED FUNDS; RECOMMENDS AND COORDINATES WITH HIGHER AUTHORITY REVISIONS TO THE BUDGET, REALLOCATION OF FUNDS, AND EXPENDITURE OF SURPLUSES; REVIEWS AND APPROVES, WHERE APPROPRIATE, ALL TRANSACTIONS INVOLVING THE EXPENDITURE OF FUNDS; COORDINATES FINANCIAL AND FISCAL MATTERS AND DEVELOPS BUDGET AND ACCOUNTING SYSTEMS FOR THE ORDNANCE STATIONS.

PLANNING AND PROGRESS DIVISION

ASSISTANT CHIEF OF BUREAU AND DIVISION DIRECTOR — CODE Pl
See Chart No. 33C

DEVELOPS, PROMULGATES, AND COORDINATES LOGISTIC AND MOBILIZATION PLANNING IN CONFORMANCE WITH DIRECTIVES FROM HIGHER AUTHORITY; FORMULATES POLICY AND ISSUES DIRECTIVES TO AND COORDINATES BETWEEN COGNIZANT DIVISIONS ON SUBSTANTIVE PROGRAMS; REPORTS PROGRESS AS COMPARED WITH REQUIREMENTS OF RESPECTIVE MATERIAL PROGRAMS; REVIEWS AND ADVISES REGARDING FINANCIAL AND BUDGETARY PLANNING, REALLOCATION OF FUNDS, AND EXPENDITURE OF SURPLUSES; COORDINATES MILITARY AID PROGRAM WITH FOREIGN GOVERNMENTS.

QUALITY CONTROL DIVISION

DIVISION DIRECTOR — CODE Qc
See Chart No. 33D

INITIATES, PROMULGATES, AND ADMINISTERS POLICIES, PROCEDURES, AND SERVICES CONCERNING THE EVALUATION AND CONTROL OF QUALITY OF ALL NAVAL ORDNANCE; PROVIDES FOR THE ESTABLISHMENT AND ADMINISTRATION OF QUALITY EVALUATION LABORATORIES AND FOR TECHNICAL DIRECTION OF THE ENTIRE ORDNANCE INSPECTION PROGRAM; INSURES THE STATISTICAL ADEQUACY OF TESTS FOR DESIGN, PRODUCTION, AND SURVEILLANCE.

CONTRACT DIVISION

DIVISION DIRECTOR — CODE Co
See Chart No. 33E

OPERATES AS A CENTRAL CONTRACTING OFFICE TO CONDUCT NEGOTIATIONS, ARRANGE FINANCES, ADVERTISE FOR BIDS, AWARD AND AMEND CONTRACTS, AND SUPERVISE TERMINATIONS; ASSISTS IN THE FINANCING OF CONTRACTORS THROUGH GUARANTEED AND DIRECT LOANS AND ADVANCES PAYMENTS.

NAVAL ORDNANCE ESTABLISHMENTS DIVISION

ASSISTANT CHIEF OF BUREAU AND DIVISION DIRECTOR — CODE Es
See Chart No. 33F

ADMINISTERS ALL MATTERS PERTAINING TO THE MAINTENANCE OF NAVAL ORDNANCE ESTABLISHMENTS INCLUDING REQUIREMENTS FOR SERVICE, FACILITIES, PERSONNEL, AND INDUSTRIAL RELATIONS; COORDINATES ALL MATTERS CONCERNING MANAGEMENT, OPERATION, AND ADMINISTRATION OF THESE STATIONS.

MATERIAL DIVISION

ASSISTANT CHIEF OF BUREAU AND DIVISION DIRECTOR — CODE Ma
See Chart No. 33G

DIRECTS THE PROCUREMENT, DISTRIBUTION, MAINTENANCE, REPAIR, ALTERATIONS, REPLACEMENT, AND INVENTORY CONTROL OF ALL NAVAL ORDNANCE, INCLUDING SPARES, AFLOAT AND ASHORE; PROVIDES FOR THE PRODUCTION, DISTRIBUTION, ISSUE, ACCOUNTING, MAINTENANCE, STOWAGE, SAFETY, HANDLING, AND SURVEILLANCE OF ALL TYPES OF AMMUNITION AND EXPLOSIVES; PROVIDES FOR THE PREPARATION OF MANUALS FOR OPERATION AND MAINTENANCE INSTRUCTION.

RESEARCH AND DEVELOPMENT DIVISION

ASSISTANT CHIEF OF BUREAU AND DIVISION DIRECTOR — CODE Re
See Chart No. 33H

DIRECTS AND IMPLEMENTS RESEARCH, DESIGN, DEVELOPMENT, AND EXPERIMENTAL PROJECTS FOR THE BUREAU WITHIN ITS PROGRAMS, INCLUDING WORK ASSIGNED TO ITS ACTIVITIES AND LABORATORIES, PRIVATE CONTRACTORS, AND UNIVERSITIES, AND COORDINATES WORK CONDUCTED BY OTHER GOVERNMENT AGENCIES FOR THE BUREAU.

DATE: 2 APRIL 1953	APPROVED: M. F. Schaffel (Chief of Bureau)	SECRETARY OF THE NAVY	BUREAU OF ORDNANCE	CHART NO. 33

D-57592

<u>The Comptroller and Financial Division</u> -- The Comptroller of the Bureau of Ordnance is also the Director of the Financial Division. The present Comptroller is Mr. G. O. Pehrson. The Deputy Comptroller is Mr. E. S. Tilley. The Bureau of Ordnance is the only bureau of the Navy Department which has a civilian comptroller. Mr. Pehrson has held this position since 1951.

The Financial Division provides budgetary and fiscal service for the Bureau on all matters which involve the planning for and the expenditure of funds. Also, the following duties and responsibilities have been assigned to the Financial Division:

1. To administer the preparation of the Bureau's budget.

2. To allocate and maintain accounting records for appropriated funds.

3. To recommend and coordinate with higher authority revisions to the budget, reallocation of funds, and expenditure of surpluses.

4. To revise and approve, where appropriate, all transactions involving the expenditure of funds.

THE COMPTROLLER AND FINANCIAL DIVISION -- THE COMPTROLLER OF THE BUREAU OF ORDNANCE IS ALSO THE DIRECTOR OF THE FINANCIAL DIVISION. THE PRESENT COMPTROLLER IS MR. G. O. EDWARDS. THE DEPUTY COMPTROLLER IS MR. A. E. TILLEY. THE BUREAU OF ORDNANCE IS THE ONLY BUREAU OF THE NAVY DEPARTMENT WHICH HAS A CIVILIAN COMPTROLLER. MR. FERRUSON HAS HELD THIS POSITION SINCE 1921.

THE FINANCIAL DIVISION PROVIDES BUDGETARY AND FISCAL SERVICE FOR THE BUREAU ON ALL MATTERS WHICH INVOLVE THE PLANNING FOR AND THE EXPENDITURE OF FUNDS. ALSO, THE FOLLOWING DUTIES AND RESPONSIBILITIES HAVE BEEN ASSIGNED TO THE FINANCIAL DIVISION:

1. TO ADMINISTER THE PREPARATION OF THE BUREAU'S BUDGET.

2. TO ALLOCATE AND MAINTAIN ACCOUNTING RECORDS FOR APPROPRIATED FUNDS.

3. TO RECOMMEND AND COORDINATE WITH HIGHER AUTHORITY REVISIONS IN THE BUDGET, REALLOCATION OF FUNDS, AND EXPENDITURES OF SURPLUSES.

4. TO REVISE AND APPROVE, WHERE APPROPRIATE, ALL TRANSACTIONS INVOLVING THE EXPENDITURE OF FUNDS.

5. To coordinate financial and fiscal matters.

6. To develop budget and accounting systems for the ordnance stations.

To accomplish the above, the Financial Division is organized into four branches: the Fiscal Systems Branch, the Administrative and Accounting Branch, the Budget and Estimates Branch and the Inter-agency Operations Branch. The functions of these branches are given in the illustration on page 12.

The budget -- By the Department of Defense Appropriations Act of 1954, the following appropriations and monies were made available to the Bureau of Ordnance for obligation or expenditure during fiscal year 1954:[4]

Appropriations	Type of Appropriations	Amount
Ordnance and Facilities, Navy	Annual	$804,000,000
Ordnance New Construction (for liquidation of contract authorization)	Continuing	10,000,000
Shipbuilding and Construction, Navy (Ordnance Subhead)	Continuing	64,000,000
Aircraft and Related Procurement (Ordnance Subhead)	Continuing	51,000,000

[4] Public Law 179, 83rd Congress

5. To coordinate financial and fiscal matters.

6. To develop budget and accounting systems for the ordnance stations.

To accomplish the above, the Financial Division is organized into four branches: the Fiscal Systems Branch, the Administrative and Accounting Branch, the Budget and Estimates Branch and the Inter-Agency Operations Branch. The functions of these branches are given in the illustration on page 12.

The Budget -- By the Department of Defense Appropriations Act of 1954, the following appropriations and monies were made available to the Bureau of Ordnance for obligation or expenditure during fiscal year 1954:[4]

Appropriations	Type of Appropriations	Amount
Ordnance and Facilities, Annual Navy		$004,000,0
Ordnance New Construction (for liquidation of contract authorization)	Continuing	10,000,0
Shipbuilding and Construction, Navy (Ordnance Subhead)	Continuing	04,000,0
Aircraft and Related Procurement (Ordnance Subhead)	Continuing	31,000,0

[4] Public Law 179, 83rd Congress

FINANCIAL DIVISION

COMPTROLLER AND DIVISION DIRECTOR — CODE Fi
DEPUTY COMPTROLLER — CODE Fia

SPECIAL ASSISTANT

ASSISTANT TO DIVISION DIRECTOR — CODE Fib

FISCAL SYSTEMS BRANCH

BRANCH HEAD — CODE Fil
See Chart No. 33B1

ORGANIZES AND CONDUCTS INTERNAL AUDITS AND SURVEYS OF FISCAL PROCEDURES IN THE BUREAU OF ORDNANCE, AT NAVAL ORDNANCE ESTABLISHMENTS AND INSOFAR AS ORDNANCE FUNDS ARE CONCERNED, AT OTHER STATIONS.
ACTS AS CONSULTANT AND ADVISOR, WHILE CONDUCTING INTERNAL AUDITS AND SURVEYS TO KEY PERSONNEL (MILITARY AND CIVILIAN), ON FISCAL MATTERS.
DEVISES, DEVELOPS, ESTABLISHES AND IMPLEMENTS METHODS OF PREPARING STATION BUDGETS AND ACTS AS ADVISOR TO KEY FIELD PERSONNEL CONCERNING SUBMISSION OF THE BUDGETS TO THE BUREAU OF ORDNANCE.
ACTS AS SPECIAL ADVISOR ON FIELD FISCAL PROBLEMS TO COMPTROLLER OF THE BUREAU OF ORDNANCE AND TO PERSONNEL IN OTHER DIVISIONS OF THE BUREAU.
DEVISES, DEVELOPS, AND DIRECTS INSTALLATION OF COMMERCIAL-TYPE FINANCIAL PROCEDURES AT FIELD STATIONS.
PREPARES MANUALS, HANDBOOKS AND OTHER DIRECTIVES PERTAINING TO FIELD ACCOUNTING PROCEDURES.
DESIGNS REGULAR AND SPECIAL FINANCIAL REPORTS FOR USE AT FIELD STATIONS AND IN THE BUREAU OF ORDNANCE.
ANALYZES FINANCIAL STATEMENTS SUBMITTED BY ORDNANCE ESTABLISHMENTS, INCLUDING THOSE OPERATING UNDER COMMERCIAL-TYPE FINANCING PROCEDURES.
DEVISES AND DEVELOPS COST ACCOUNTING PROCEDURES AND DIRECTS INSTALLATION THEREOF AT ORDNANCE ESTABLISHMENTS.
DESIGNS AND DIRECTS INSTALLATION OF FISCAL PROCEDURES USED WITHIN DIVISIONS OF THE BUREAU OF ORDNANCE.
REVIEWS ORGANIZATION AND OPERATION OF FISCAL DEPARTMENTS AT FIELD STATIONS.
PERFORMS SPECIAL STUDIES AND ANALYSIS OF BUREAU AND FIELD LEVEL FINANCIAL PROBLEMS.
ENSURES THAT FISCAL SYSTEMS ARE SO DESIGNED AS TO PROVIDE DIRECT AND POSITIVE SUPPORT OF THE BUREAU'S BUDGET PLANNING.
MAINTAINS LIAISON ON FINANCIAL MATTERS WITH PERSONNEL (MILITARY AND CIVILIAN) AT NAVY COMPTROLLER LEVEL, AS WELL AS INTRA-BUREAU AND INTER-BUREAU.

ADMINISTRATION AND ACCOUNTING BRANCH

BRANCH HEAD — CODE Fi2
See Chart No. 33B2

MAINTAINS, FOR ALL FUNDS UNDER THE CONTROL OF THE BUREAU OF ORDNANCE, THE OFFICIAL APPROPRIATION, OBLIGATION, EXPENDITURE AND COST ACCOUNTS.
MAINTAINS APPROPRIATE ACCOUNTS TO PROVIDE ADEQUATE MANAGEMENT CONTROL OF FUNDS.
REVIEWS ACTS OF THE BUREAU AND PROPOSED ACTS FOR COMPLIANCE WITH LEGAL, EXECUTIVE AND DEPARTMENTAL REQUIREMENTS REGARDING THE ACCOUNTING, OBLIGATING AND EXPENDITURE OF FUNDS.
DEVELOPS AND PRESCRIBES PROCEDURES FOR ISSUANCE OF PROJECT ORDERS AND ALLOTMENTS.
ISSUES PROJECT ORDERS AND ALLOTMENTS TO FIELD ACTIVITIES AND REVIEWS BUREAU PROCUREMENT DOCUMENTS FOR COMPLIANCE WITH ACCOUNTING AND FISCAL POLICIES AND LEGAL LIMITATIONS.
IS RESPONSIBLE FOR THE FINANCIAL ADMINISTRATION OF BUREAU CONTRACTS.
PERFORMS INTERNAL AUDITS AND SPECIAL DEPARTMENTAL AUDITS AS REQUIRED.
PREPARES SPECIAL REPORTS AS REQUIRED BY AUTHORITIES OUTSIDE OF THE BUREAU.
ISSUES STATEMENTS INDICATING THE BUREAU'S FINANCIAL POSITION.
RECORDS ORDNANCE CONSTRUCTION COSTS OF SHIPS.
REVIEWS THE RATE OF OBLIGATION OF APPROPRIATIONS TO INSURE UTILIZATION OF APPORTIONMENTS.

BUDGET AND ESTIMATES BRANCH

BRANCH HEAD — CODE Fi3
See Chart No. 33B3

REVIEWS, ANALYZES AND APPROVES RAW DATA FOR INCLUSION IN BUDGET ESTIMATES FOR ANNUAL AND CONTINUING FISCAL PROGRAMS; CO-ORDINATES AND PRESCRIBES THE BUREAU'S ACTIVITIES IN THE COLLECTION, FORMAT AND PRESENTATION OF BUDGET DATA.
MAKES POLICY RECOMMENDATIONS ON BUDGETARY MATTERS TO THE BUREAU COMPTROLLER. RECOMMENDS APPORTIONMENT AND DISTRIBUTION OF ALL FUNDS MADE AVAILABLE TO THE BUREAU.
REVIEWS DIVISION ESTIMATES AND JUSTIFICATION TO INSURE COMPLIANCE WITH POLICY AND PLANNING OBJECTIVES OF THE BUREAU, THE NAVY DEPARTMENT AND THE DEFENSE BUDGET ADVISORY COMMITTEE.
REVIEWS, ANALYZES AND CO-ORDINATES SUPPORTING SCHEDULES AND DATA PREPARED BY RESPONSIBLE DIVISIONS FOR USE BY BUDGET WITNESSES IN PRESENTING THE BUREAU'S BUDGET TO VARIOUS LEVELS OF REVIEW.
MAINTAINS BUDGETARY CONTROLS OVER APPORTIONMENTS, FISCAL PROGRAMS, AND APPROPRIATION LIMITATIONS FOR ALL APPROPRIATIONS AND SPECIAL FUND ACCOUNTS.
MAINTAINS LIAISON WITH THE OFFICE OF THE NAVY COMPTROLLER, OFFICE OF THE SECRETARY OF DEFENSE AND THE BUREAU OF THE BUDGET.

INTER-AGENCY OPERATIONS BRANCH

BRANCH HEAD — CODE Fi4
See Chart No. 33B4

DEVISES, DEVELOPS AND ESTABLISHES NEW AND REVISED FISCAL PROCEDURES PERTAINING TO FINANCIAL TRANSACTIONS WITH AGENCIES OUTSIDE THE BUREAU.
DEVISES AND IMPLEMENTS FINANCIAL REPORTING CONTROLS FOR THE ADMINISTRATION OF OTHER AGENCIES' FUNDS AT SHORE ESTABLISHMENTS AND THE REPORTING THEREOF FOR MANAGEMENT AND BUDGETARY PURPOSES.
ACTS AS SPECIAL ADVISOR TO THE COMPTROLLER AND OTHER KEY PERSONNEL OF THE BUREAU ON MATTERS PERTAINING TO INTER-AGENCY FUNDING OPERATIONS.
RECOMMENDS AND ADVISES ON POLICY TO BE ESTABLISHED BY THE BUREAU IN CONNECTION WITH FINANCIAL ARRANGEMENTS CONSUMMATED WITH OTHER AGENCIES.
DESIGNS FINANCIAL SCHEDULES SUCH AS STATUS REPORTS AND REIMBURSEMENT REPORTS PERTAINING TO FINANCIAL TRANSACTIONS WITH AGENCIES OUTSIDE THE BUREAU FOR USE BY THE BUREAU AND OTHER AGENCIES.
DEVELOPS ACCOUNTING INSTRUCTIONS FOR BUREAU AND FIELD USE IN CONNECTION WITH THE IMPLEMENTATION OF INTER-AGENCY ORDERING PROCEDURES.
MAINTAINS APPROPRIATE ACCOUNTS TO PROVIDE ADEQUATE MANAGEMENT CONTROL OF OTHER AGENCIES' FUNDS.
DEVISES AND DEVELOPS METHODS TO EFFECT REIMBURSEMENT OR PAYMENT OF FUNDS THROUGH THE SALE OF MATERIAL OR SERVICES BY THE BUREAU.
CO-ORDINATES FINANCIAL PRACTICE WITHIN THE BUREAU IN CONNECTION WITH INTER-AGENCY ORDERS AND FUNDING.
MAINTAINS LIAISON ON INTER-AGENCY FINANCIAL OPERATIONS WITH OFFICE OF NAVY COMPTROLLER, OFFICE OF ARMY COMPTROLLER, OFFICE OF AIR FORCE COMPTROLLER, AND OFFICES OF COMPTROLLERS OF OTHER AGENCIES.

DATE: 27 AUGUST 1953	APPROVED: M. F. Schoeffel (Chief of Bureau)	BUREAU OF ORDNANCE	FINANCIAL DIVISION	CHART NO. 33B

E-13877

PUBLIC LAW 119, 83RD CONGRESS

APPROPRIATIONS	TYPE OF APPROPRIATIONS	AMOUNT
PREPARATION FOR SALE AND SALVAGE OF MILITARY PROPERTY, NAVY	SPECIAL ACCOUNT	$ 5,000,000

BY FAR THE MAJOR APPROPRIATION ADMINISTERED BY THE BUREAU OF ORDNANCE IS ORDNANCE AND FACILITIES, NAVY. ALTHOUGH $804,000,000 WAS APPROPRIATED FOR FISCAL YEAR 1954, THERE WILL ACTUALLY BE AVAILABLE FOR OBLIGATION APPROXIMATELY $868,578,000. THIS IS DUE TO ANTICIPATED REIMBURSEMENTS OF ABOUT $59,706,000 PLUS TRANSFER OF ABOUT $4,872,000. MOST OF THE REIMBURSEMENTS WILL BE CREDITED FROM MUTUAL DEFENSE ASSISTANCE PREPAREDNESS PROGRAM FOR ORDNANCE MATERIALS TRANSFERRED TO FOREIGN NATIONS UNDER THIS PROGRAM. THE TOTAL OBLIGATIONS UNDER ORDNANCE AND FACILITIES, NAVY WERE $1,333,326,000 FOR FISCAL YEAR 1952 AND THE ESTIMATED OBLIGATIONS FOR FISCAL YEAR 1953 WERE $797,207,800.

THE APPROPRIATION, ORDNANCE AND FACILITIES, NAVY 1954, IS BROKEN DOWN INTO EIGHT MAJOR PROGRAM ACTIVITIES FOR BUDGET FORMULATION AND EXECUTION AS FOLLOWS:[5]

1. PROCUREMENT OF ORDNANCE AND AMMUNITION ($501,741,000. - 61.3% OF TOTAL). THESE FUNDS ARE FOR PROCUREMENT OF ORDNANCE AND AMMUNITION TO SUPPORT THE OBJECTIVES OF THE DEFENSE PROGRAM IN FISCAL YEAR

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[5] BUREAU OF ORDNANCE, BUDGET FOR FISCAL YEAR 1954, APPROPRIATION TITLE, ORDNANCE AND FACILITIES, NAVY.

APPROPRIATIONS	TYPE OF APPROPRIATIONS	AMOUNT
PREPARATION FOR SALE AND SPECIAL ACCOUNT SALVAGE OF MILITARY PROPERTY, NAVY		$ 5,000,000

BY FAR THE MAJOR APPROPRIATION ADMINISTERED BY THE BUREAU OF ORDNANCE IS ORDNANCE AND FACILITIES, NAVY. ALL THOUGH $604,000,000 WAS APPROPRIATED FOR FISCAL YEAR 1932 THERE WILL ACTUALLY BE AVAILABLE FOR OBLIGATION APPROXIMATELY $484,272,000. THIS IS DUE TO ANTICIPATED REIMBURSEMENTS OF ABOUT $59,728,000 PLUS TRANSFER OF ABOUT $4,672,000. MOST OF THE REIMBURSEMENTS WILL BE CREDITED FROM MUTUAL DEFENSE ASSISTANCE EXPEDITES PROGRAM FOR ORDNANCE MATERIALS TRANSFERRED TO FOREIGN NATIONS UNDER THIS PROGRAM. THE TOTAL OBLIGATIONS UNDER ORDNANCE AND FACILITIES, NAVY WERE $1,332,326,000 FOR FISCAL YEAR 1932 AND THE ESTIMATED OBLIGATIONS FOR FISCAL YEAR 1933 WERE $797,201,000.

THE APPROPRIATION, ORDNANCE AND FACILITIES, NAVY 1934, IS BROKEN DOWN INTO EIGHT MAJOR PROGRAM ACTIVITIES FOR BUDGET FORMULATION AND EXECUTION AS FOLLOWS:[5]

1. PROCUREMENT OF ORDNANCE AND AMMUNITION ($301,141,000. - 61.3% OF TOTAL). THESE FUNDS ARE FOR PROCUREMENT OF ORDNANCE AND AMMUNITION TO SUPPORT THE OBJECTIVES OF THE LEGENDS PROGRAM IN FISCAL YEAR

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[5] BUREAU OF ORDNANCE, BUDGET FOR FISCAL YEAR 1934 APPROPRIATION TITLE, ORDNANCE AND FACILITIES, NAVY.

1954, INCLUDING SUPPORT TO THE OPERATIONAL REQUIREMENTS OF THE APPROVED NAVAL FORCES AND, IN GENERAL, A STATUS OF READINESS TO FULFILL MOBILIZATION REQUIREMENTS.

2. MAINTENANCE OF ORDNANCE AND AMMUNITION ($91,271,000. - 11.2% OF TOTAL). THESE FUNDS ARE FOR THE MAINTENANCE AND IMPROVEMENT OF ORDNANCE AND AMMUNITION NECESSARY TO OBTAIN THE REQUIRED DEGREE OF MATERIAL READINESS, IN ORDER THAT NAVAL FORCES WILL BE PREPARED TO ENGAGE IN COMBAT OPERATIONS PROMPTLY AND WITH MAXIMUM EFFECTIVENESS.

3. MAINTENANCE AND OPERATION OF FACILITIES ($51,187,000. - 6.3% OF TOTAL). THESE FUNDS ARE FOR THE MAINTENANCE AND OPERATION OF THE ORDNANCE SHORE ESTABLISHMENTS IN FISCAL YEAR 1954, INCLUDING COSTS FOR IMPLEMENTATION OF THE FEDERAL CATALOG UTILIZATION PROGRAM.

4. IMPROVEMENTS AND ALTERATIONS TO FACILITIES ($22,235,000. - 2.7% OF TOTAL). THESE FUNDS ARE FOR IMPROVEMENTS AND ALTERATIONS TO ORDNANCE SHORE FACILITIES IN FISCAL YEAR 1954, INCLUDING PROCUREMENT OF EQUIPMENT TO FILL ALLOWANCES AND TO IMPLEMENT THE BUREAU OF THE BUDGET APPROVED PROGRAM FOR ORDERLY REPLACEMENT OF AVERAGE AND OBSOLETE EQUIPMENT.

5. NAVAL RESERVE ($1,216,000 - .1% OF TOTAL). THESE FUNDS ARE FOR ORDNANCE REQUIREMENTS FOR THE NAVAL RESERVE PROGRAM.

6. RESEARCH AND DEVELOPMENT ($126,000,000 - 17.1% OF TOTAL). THESE FUNDS ARE FOR PROJECTS INCLUDED IN THE BUREAU OF ORDNANCE FISCAL YEAR 1954 RESEARCH AND DEVELOPMENT PROGRAM, WHICH ARE INTEGRATED PARTS OF THE OVERALL NAVY TOTAL PROGRAM.

7. INDUSTRIAL MOBILIZATION ($2,370,000 - .3% OF TOTAL). THESE FUNDS ARE FOR THE INDUSTRIAL MOBILIZATION PROGRAM IN FISCAL YEAR 1954.

8. DEPARTMENTAL ADMINISTRATION ($7,980,000 - 1.0% OF TOTAL). THESE FUNDS ARE FOR DEPARTMENTAL ADMINISTRATION OF THE BUREAU OF ORDNANCE.

EACH OF THE ABOVE BUDGET ACTIVITIES ARE ADMINISTERED AND ACCOUNTED FOR BY SEPARATE SUBHEADS UNDER THE APPROPRIA-

1954, INCLUDING SUPPORT TO THE OPERATIONAL REQUIREMENTS OF THE APPROVED NAVAL FORCES AND, IN GENERAL, A STATUS OF READINESS TO FULFILL MOBILIZATION REQUIREMENTS.

2. MAINTENANCE OF ORDNANCE AND AMMUNITION ($81,271,000. - 11.2% OF TOTAL). THESE FUNDS ARE FOR THE MAINTENANCE AND IMPROVEMENT OF ORDNANCE AND AMMUNITION NECESSARY TO OBTAIN THE REQUIRED DEGREE OF MATERIAL READINESS, IN ORDER THAT NAVAL FORCES WILL BE PREPARED TO ENGAGE IN COMBAT OPERATIONS PROMPTLY AND WITH MAXIMUM EFFECTIVENESS.

3. MAINTENANCE AND OPERATION OF FACILITIES ($81,187,000. - 8.3% OF TOTAL). THESE FUNDS ARE FOR THE MAINTENANCE AND OPERATION OF THE ORDNANCE SHORE ESTABLISHMENTS IN FISCAL YEAR 1954, INCLUDING COSTS FOR IMPLEMENTATION OF THE FEDERAL CATALOG UTILIZATION PROGRAM.

4. IMPROVEMENTS AND ALTERATIONS TO FACILITIES ($43,285,000. - 3.7% OF TOTAL). THESE FUNDS ARE FOR IMPROVEMENTS AND ALTERATIONS TO ORDNANCE SHORE FACILITIES IN FISCAL YEAR 1954, INCLUDING PROCUREMENT OF EQUIPMENT TO FILL ALLOWANCES AND TO IMPLEMENT THE BUREAU OF THE BUDGET APPROVED PROGRAM FOR ORDERLY REPLACEMENT OF AVERAGE AND OBSOLETE EQUIPMENT.

5. NAVAL RESERVE ($1,218,000 - .1% OF TOTAL). THESE FUNDS ARE FOR ORDNANCE REQUIREMENTS FOR THE NAVAL RESERVE PROGRAM.

6. RESEARCH AND DEVELOPMENT ($182,000,000 - 17.1% OF TOTAL). THESE FUNDS ARE FOR PROJECTS INCLUDED IN THE BUREAU OF ORDNANCE FISCAL YEAR 1954 RESEARCH AND DEVELOPMENT PROGRAM, WHICH ARE INTEGRATED PARTS OF THE OVERALL NAVY TOTAL PROGRAM.

7. INDUSTRIAL MOBILIZATION ($42,370,000 - 3.9% OF TOTAL). THESE FUNDS ARE FOR THE INDUSTRIAL MOBILIZATION PROGRAM IN FISCAL YEAR 1954.

8. DEPARTMENTAL ADMINISTRATION ($17,900,000 - 1.6% OF TOTAL). THESE FUNDS ARE FOR DEPARTMENTAL ADMINISTRATION OF THE BUREAU OF ORDNANCE.

EACH OF THE ABOVE BUDGET ACTIVITIES ARE ADMINISTERED AND ACCOUNTED FOR BY SEPARATE SUBHEADS UNDER THE APPROPRIA

TION SO THAT ALL OBLIGATIONS AND EXPENDITURES ARE IDENTIFIED AND REPORTED BY THE BUREAU PROGRAM.

THE DIVISION OF THE BUREAU HAVING COGNIZANCE OF THE VARIOUS BUDGET ACTIVITIES AND THE PROGRAMS ASSIGNED ARE AS FOLLOWS:

	BUDGET ACTIVITY	SUBHEAD	COGNIZANCE
1.	PROCUREMENT OF ORDNANCE AND AMMUNITION	.33	MATERIAL DIVISION
2.	MAINTENANCE OF ORDNANCE AND AMMUNITION	.28	MATERIAL DIVISION
3.	MAINTENANCE AND OPERATION OF FACILITIES	.11	SHORE ESTABLISHMENTS DIVISION
4.	IMPROVEMENTS AND ALTERATIONS TO FACILITIES	.32	SHORE ESTABLISHMENTS DIVISION
5.	NAVAL RESERVE	.12	MATERIAL DIVISION
6.	RESEARCH AND DEVELOPMENT	.10	RESEARCH AND DEVELOPMENT DIVISION
7.	INDUSTRIAL MOBILIZATION	.13	MATERIAL DIVISION
8.	DEPARTMENTAL ADMINISTRATION	.15	ADMINISTRATIVE DIVISION

FOR THE ACCOMPLISHMENTS OF PROGRAM OBJECTIVES UNDER THE ORDNANCE AND FACILITIES NAVY APPROPRIATION, THE LARGEST PORTIONS OF THE BUREAU'S FUNDS ARE UNDER THE COGNIZANCE OF THE TWO MAJOR OPERATING DIVISIONS, THE MATERIAL DIVISION AND THE RESEARCH AND DEVELOPMENT DIVISION.

TION SO THAT ALL OBLIGATIONS AND EXPENDITURES ARE IDENTI
AND REPORTED BY THE BUREAU PROGRAM.

THE DIVISION OF THE BUREAU HAVING COGNIZANCE OF
THE VARIOUS BUDGET ACTIVITIES AND THE PROGRAMS ASSIGNED
ARE AS FOLLOWS:

BUDGET ACTIVITY	SUBHEAD	COGNIZANCE
1. PROCUREMENT OF ORDNANCE AND AMMUNITION	.53	MATERIAL DIVISION
2. MAINTENANCE OF ORDNANCE AND AMMUNITION	.56	MATERIAL DIVISION
3. MAINTENANCE AND OPERATION OF FACILITIES	.11	SHORE ESTABLISHMENTS DIVISION
4. IMPROVEMENTS AND ALTERATIONS TO FACILITIES	.12	SHORE ESTABLISHMENTS DIVISION
5. NAVAL RESERVE	.12	MATERIAL DIVISION
6. RESEARCH AND DEVELOPMENT	.10	RESEARCH AND DEVELOPMENT DIVISION
7. INDUSTRIAL MOBILIZATION	.13	MATERIAL DIVISION
8. DEPARTMENTAL ADMINISTRATION	.10	ADMINISTRATIVE DIVISION

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OF THE TWO MAJOR OPERATING DIVISIONS, THE MATERIAL DIVIS
AND THE RESEARCH AND DEVELOPMENT DIVISION.

IT IS, THEREFORE, THE RESPONSIBILITY OF THESE DIVISIONS TOGETHER WITH THE PLANNING DIVISION TO DETERMINE IF THE OBJECTIVES OF THE PROGRAM CAN BEST BE ACCOMPLISHED BY BUREAU OF ORDNANCE FIELD ACTIVITIES OR BY CONTRACT WITH INDUSTRY OUTSIDE THE NAVY. IF THE WORK TO BE ACCOMPLISHED IS WITHIN THE CAPACITY OF THE FIELD ACTIVITIES, IN GENERAL, THE BUREAU WILL ASSIGN THE WORK TO A FIELD ACTIVITY CAPABLE OF PERFORMING THE ASSIGNED TASKS. HOWEVER, IN MANY CASES, QUALIFIED AND SUFFICIENT PERSONNEL ARE NOT AVAILABLE, SUCH AS SUFFICIENT ENGINEERS FOR A RESEARCH TASK, OR PRODUCTION FACILITIES OR PERSONNEL ARE INADEQUATE FOR A SPECIALIZED ORDNANCE REQUIREMENT. THEN IT IS NECESSARY TO LET A CONTRACT FOR PERFORMANCE OF THE REQUIRED TASK.

IN THESE CASES THE MATERIAL DIVISION AND THE RESEARCH AND DEVELOPMENT DIVISION MUST DECIDE WHAT TASKS CAN BE HANDLED BY THE FIELD ACTIVITIES AND WHAT TASKS WILL BE ACCOMPLISHED BY CONTRACT.

DURING FISCAL YEAR 1953 APPROXIMATELY 40% OF THE APPROPRIATION ORDNANCE AND FACILITIES, NAVY, WEREGRANTED TO THE BUREAU OF ORDNANCE FIELD ACTIVITIES BY ALLOTMENTS AND PROJECT ORDERS TO ACCOMPLISH TASKS AS DIRECTED BY THE BUREAU. APPROXIMATELY 60% OF THE APPROPRIATION WERE OBLIGATED BY CONTRACTS WITH PRIVATE INDUSTRY, UNIVERSITIES,

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AND OTHER GOVERNMENT DEPARTMENTS, PRIMARILY FOR PRODUCTION AND RESEARCH-TYPE TASKS.

THEREFORE, THE FIELD ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE ARE AN IMPORTANT ROLE IN HELPING THE BUREAU MEET THE OBJECTIVES OF THE VARIOUS PROGRAMS.

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VARIOUS PROGRAMS.

CHAPTER III

FIELD ACTIVITIES OF THE BUREAU OF ORDNANCE

MAGNITUDE AND FINANCIAL INVESTMENT -- THE BUREAU OF ORDNANCE HAS MANAGEMENT CONTROL OF 17 NAVAL AMMUNITION DEPOTS, 4 NAVAL MAGAZINES, 7 NAVAL ORDNANCE PLANTS, 2 NAVAL NET DEPOTS, 8 DEGAUSSING STATIONS, 8 NAVAL RESEARCH ACTIVITIES AND 7 MISCELLANEOUS ORDNANCE ACTIVITIES, AS FOLLOWS: NAVAL GUN FACTORY, WASHINGTON, D.C.; NAVAL POWDER FACTORY, INDIANHEAD, MD.; NAVAL TORPEDO STATION, KEYPORT, WASH.; CENTRAL TORPEDO OFFICE, NEWPORT, R.I.; NAVAL UNDERWATER ORDNANCE STATION, NEWPORT, R.I.; NAVAL MINE DEPOT, YORKTOWN, VA.; AND THE SKIFFES CREEK ANNEX AT THE NAVAL MINE DEPOT, YORKTOWN, VA.

AT THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SEMINAR ON 26 MARCH 1953, REAR ADMIRAL W.S. PARSONS USN, THEN DEPUTY CHIEF OF BUREAU OF ORDNANCE, STATED THAT THE BUREAU OF ORDNANCE, AMONG AMERICAN INDUSTRY, WOULD RANK SECOND TO THE AMERICAN TELEPHONE AND TELEGRAPH COMPANY IN CAPITALIZATION. THE TREMENDOUS FINANCIAL INVESTMENT IN THE LAND, BUILDINGS AND EQUIPMENT OF THE ORDNANCE SHORE ESTABLISHMENT IS REFLECTED IN THE PLANT ACCOUNT VALUES. THE CLASS I LAND, PLANT ACCOUNT VALUE OF A RECENT REPORT WAS ABOUT $38,000,000. THE CLASS II, BUILDINGS AND

CHAPTER III

FISCAL ACTIVITIES OF THE BUREAU OF ORDNANCE

ACQUISITION AND FINANCIAL INVESTMENT -- THE BUREAU OF ORDNANCE HAS MANAGEMENT CONTROL OF 17 NAVAL AMMUNITION DEPOTS, 4 NAVAL MAGAZINES, 7 NAVAL ORDNANCE PLANTS, 2 NAVAL NET DEPOTS, 3 DEGAUSSING STATIONS, 3 NAVAL RESEARCH ACTIVITIES AND 7 MISCELLANEOUS ORDNANCE ACTIVITIES, AS FOLLOWS: NAVAL GUN FACTORY, WASHINGTON, D.C.; NAVAL TORPEDO FACTORY, INDIANHEAD, MD.; NAVAL TORPEDO STATION, KEYPORT WASH.; CENTRAL TORPEDO OFFICE, NEWPORT, R.I.; NAVAL MINE WATER ORDNANCE STATION, NEWPORT, R.I.; NAVAL MINE DEPOT, YORKTOWN, VA.; AND THE SKIFFES CREEK ANNEX AT THE NAVAL MINE DEPOT, YORKTOWN, VA.

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STRUCTURES, PLANT ACCOUNT VALUE WAS ABOUT $842,000,000. THE CLASS III, MACHINERY AND EQUIPMENT, PLANT ACCOUNT VALUE WAS ABOUT $300,000,000. THIS MADE A GRAND TOTAL VALUE OF THE PLANT PROPERTY EQUAL TO SUM OF APPROXIMATELY $1,180,000,000. THIS PLANT INVENTORY VALUE DOES NOT INCLUDE ORDNANCE MATERIALS WHICH ARE IN STORE FOR ISSUE TO THE FLEET OR MOBILIZATION REQUIREMENTS. THE INVENTORY VALUES OF CONSUMABLE SUPPLIES CARRIED IN NAVY STOCK ACCOUNT ON THE SUPPLY OFFICER'S BOOKS ARE NOT INCLUDED IN THE PLANT PROPERTY TOTALS. IT HAS BEEN ESTIMATED THAT AT PRESENT-DAY PRICES IT WOULD COST ALMOST TWICE THE PRESENT BOOK VALUE TO REPLACE THE PLANT ACCOUNT PROPERTY IN THE NAVAL ESTABLISHMENT. AS A COMPARISON WITH PRIVATE INDUSTRY, ORIGINAL COST OF FIXED ASSETS OF THE CATERPILLAR TRACTOR COMPANY AS OF 31 DECEMBER 1952 AMOUNTED TO APPROXIMATELY $123,000,000. THE TOTAL SALES OF THE CATERPILLAR TRACTOR COMPANY FOR THE CALENDAR YEAR ENDING 31 DECEMBER 1952 AMOUNTED TO ABOUT $480,000,000. BASED ON THIS SAME RATIO, 3.9, OF SALES TO FIXED ASSETS, THE BUREAU OF ORDNANCE SHORE ESTABLISHMENTS BY UTILIZING ALL PLANT PROPERTY TO FULL CAPACITY COULD HANDLE APPROXIMATELY TEN TIMES THE SALES VOLUME OF CATERPILLAR TRACTOR COMPANY. THIS

STRUCTURES, PLANT ACCOUNT VALUE WAS ABOUT $[illegible],000,000.
THE CLASS III, MACHINERY AND EQUIPMENT, PLANT ACCOUNT
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$1,180,000,000. THIS PLANT INVENTORY VALUE DOES NOT
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ASSUMPTION IS PURELY THEORETICAL BUT IT GIVES SOME IDEA OF THE POTENTIAL PRODUCTIVE CAPACITY OF THE BUREAU OF ORDNANCE SHORE ESTABLISHMENT.

TYPES OF BUREAU OF ORDNANCE ACTIVITIES -- THERE ARE 17 NAVAL AMMUNITION DEPOTS UNDER BUREAU OF ORDNANCE MANAGEMENT CONTROL. THE FUNCTIONS OF THESE DEPOTS ARE TO RECEIVE, STORE, SEGREGATE, RECONDITION, MODIFY, LOAD, ASSEMBLE, TEST, MAINTAIN UNDER PROPER SURVEILLANCE AND ISSUE ALL TYPES OF AMMUNITION, EXPLOSIVE AND COMPONENTS, AND TO DISPOSE OF UNSERVICEABLE OR DANGEROUS AMMUNITION. THE DEPOTS ON THE EAST AND WEST COAST AND AT OAHU, TERRITORY OF HAWAII, SERVE AS STORAGE AND SUPPLY STATIONS FOR SHIPS OF THE FLEET IN THEIR RESPECTIVE AREAS AND AS COASTAL DEPOTS, AND SERVE ALSO AS AMMUNITION OUTLOADING POINTS. IT IS ESTIMATED THAT THE TOTAL AREA OF AMMUNITION DEPOTS IS APPROXIMATELY 600 SQUARE MILES. MOST OF THE NAVAL AMMUNITION DEPOTS ARE CLASSIFIED AS MODIFIED INDUSTRIAL ACTIVITIES FOR ACCOUNTING PURPOSES.

THERE ARE EIGHT NAVAL ORDNANCE PLANTS UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE. THE FUNCTIONS OF NAVAL ORDNANCE PLANTS ARE TO DEVELOP, DESIGN, MANUFACTURE, ALTER, MODIFY AND RECONDITION GUNS, MOUNTS, FIRE

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CONTROL EQUIPMENT, ROCKET AND MISSILE LAUNCHERS, TORPEDO TUBES, PROJECTILES, POWER DEVICES, AND AMMUNITION COMPONENTS FOR OTHER SHORE ESTABLISHMENTS AND TO PROVIDE TECHNICAL CONSULTATION SERVICE WITH RELATION TO THE MANUFACTURE AND MAINTENANCE OF GUN MOUNTS AND COMPONENTS TO OTHER STATIONS AND TO PRIVATE INDUSTRY WHEN APPROVED BY THE BUREAU OF ORDNANCE. TWO OF THE ORDNANCE PLANTS ARE CLASSIFIED AS NAVY INDUSTRIAL FUND ACTIVITIES. THESE ARE THE NAVAL ORDNANCE PLANT, YORK, PENNSYLVANIA AND THE NAVAL ORDNANCE PLANT, FOREST PARK, ILL. FIVE NAVAL ORDNANCE PLANTS ARE CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES.

MANY OF THE NAVAL ORDNANCE RESEARCH ACTIVITIES WERE ESTABLISHED DURING WORLD WAR II. WITH THE EXPANSION OF ORDNANCE RESEARCH SINCE THE END OF WORLD WAR II, THESE RESEARCH ACTIVITIES HAVE INCREASED IN SIZE AND SCOPE OF RESEARCH WORK ASSIGNED. THERE ARE SIX MAJOR ORDNANCE RESEARCH ACTIVITIES, SEVERAL SMALLER ACTIVITIES, AND SEVERAL ACTIVITIES WHICH PERFORM ASSIGNED RESEARCH TASKS, ALTHOUGH RESEARCH MAY NOT BE THEIR PRIMARY MISSION. THE FUNCTIONS OF THE NAVAL RESEARCH ACTIVITIES WHOSE PRIMARY MISSION IS RESEARCH WORK ARE TO CONDUCT RESEARCH AND DEVELOPMENT,

CONTROL EQUIPMENT, ROCKET AND MISSILE LAUNCHERS, TORPEDO TUBES, PROJECTILES, POWER DEVICES, AND AMMUNITION COMPONENTS FOR OTHER BUREAU ESTABLISHMENTS AND TO PROVIDE TECHNICAL CONSULTATION SERVICE WITH RELATION TO THE MANUFACTURE AND MAINTENANCE OF GUN MOUNTS AND COMPONENTS TO OTHER STATIONS AND TO PRIVATE INDUSTRY WHEN APPROVED BY THE BUREAU OF ORDNANCE. TWO OF THE ORDNANCE PLANTS ARE CLASSIFIED AS NAVY INDUSTRIAL FUND ACTIVITIES. THESE ARE THE NAVAL ORDNANCE PLANT, YORK, PENNSYLVANIA AND THE NAVAL ORDNANCE PLANT, FOREST PARK, ILL. FIVE NAVAL ORDNANCE PLANTS ARE CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES.

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DESIGN, PROOF, AND TEST OF ORDNANCE MATERIALS, COMPONENTS, ASSEMBLIES AND SYSTEMS; PROVIDE TECHNICAL EVALUATION OF NEW ORDNANCE DEVELOPMENTS PRIOR TO QUANTITY PRODUCTION; SET UP PRE-PRODUCTION FACILITIES AND PRODUCE PILOT LOTS OF SPECIFIED ORDNANCE MATERIALS; MAINTAIN AND OPERATE SUCH LABORATORIES, RANGES, LAUNCHERS AND INSTRUMENTATION AS ARE NECESSARY FOR THE ACCOMPLISHMENT OF ASSIGNED TASKS; CONDUCT BASIC TRAINING IN THE MAINTENANCE AND USE OF NEW ORDNANCE EQUIPMENT; AND PREPARE AND DISTRIBUTE INSTRUCTIONS, REPORTS, STANDARDS, DRAWINGS AND PUBLICATIONS. ALL OF THE MAJOR RESEARCH ACTIVITIES ARE CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES. THE SMALLER RESEARCH UNITS ARE CLASSIFIED AS NON-INDUSTRIAL.

THE FUNCTIONS OF THE FOUR NAVAL MAGAZINES ARE TO MAINTAIN BASIC STOCKS OF AMMUNITION, TO RECEIVE AND ISSUE AMMUNITION FOR THE OPERATING FORCES, TO RECONDITION CERTAIN TYPES OF AMMUNITION TO PROVIDE EXTERIOR MAINTENANCE FOR ALL TYPES OF AMMUNITION AND TO DISPOSE OF UNSERVICEABLE OR DANGEROUS AMMUNITION. THE NAVAL MAGAZINE, PORT CHICAGO IS CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES. ALL OTHER NAVAL MAGAZINES ARE CLASSIFIED AS NON-INDUSTRIAL.

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THE NAVAL NET DEPOTS AND NAVAL DEGAUSSING STATIONS ARE MUCH SMALLER ACTIVITIES THAN THE FOUR MAJOR TYPES. NET DEPOTS RECONDITION, ASSEMBLE, MAINTAIN, STORE AND ISSUE NET AND BOOM MATERIAL. NAVAL DEGAUSSING STATIONS MAINTAIN AND OPERATE DEGAUSSING RANGE FACILITIES TO PROVIDE RANGING SERVICES, AND DEPERMING FACILITIES TO PROVIDE DEPERMING AND FLASHING SERVICES FOR ALL CLASSES OF NAVY AND MERCHANT SHIPS. DEGAUSSING IS THE PROCESS OF REDUCTION OF THE NET MAGNETIC FIELD OF A VESSEL TO RENDER IT SAFER AGAINST MAGNETIC INFLUENCE MINES. DEPERMING IS THE PROCESS OF STANDARDIZING THE MAGNETIZATION OF SHIPS. FLASHING IS THE MAGNETIC TREATMENT OF SHIPS NOT EQUIPPED WITH DEGAUSSING COILS. THE NET DEPOTS AND DEGAUSSING STATIONS ARE CLASSIFIED AS NON-INDUSTRIAL ACTIVITIES FOR ACCOUNTING PURPOSES. ALTHOUGH SEPARATE ALLOTMENTS ARE GRANTED FOR THE MAINTENANCE AND OPERATION OF THESE ACTIVITIES, USUALLY THE ACCOUNTING FOR THESE ACTIVITIES IS PERFORMED BY A LARGE PARENT ACTIVITY WHICH PROVIDES ACCOUNTING AND LOGISTIC SUPPORT.

THERE ARE SEVEN STATIONS OF THE ORDNANCE ESTABLISHMENT WHICH PERFORM FUNCTIONS WHICH ARE EITHER PECULIAR TO EACH INDIVIDUAL STATION OR ARE SO VARIED AS TO PRECLUDE INCLUSION UNDER ANY OF THE GENERAL TYPES. THESE STATIONS

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THERE ARE SEVEN STATIONS OF THE ORDNANCE STABILIZMENT WHICH PERFORM FUNCTIONS WHICH ARE OTHER PECULIAR TO EACH INDIVIDUAL STATION OR ARE SO VARIED AS TO PRECLUDE INCLUSION UNDER ANY OF THE GENERAL TYPES. THESE STATIONS

ARE THE NAVAL POWDER FACTORY, INDIAN HEAD, MARYLAND; THE NAVAL TORPEDO STATION, KEYPORT, WASHINGTON; THE CENTRAL TORPEDO OFFICE, NEWPORT, RHODE ISLAND; THE NAVAL UNDERWATER ORDNANCE STATION, NEWPORT, RHODE ISLAND; THE NAVAL GUN FACTORY, WASHINGTON, D.C.; THE NAVAL MINE DEPOT, YORKTOWN, VIRGINIA; AND THE SKIFFS CREEK ANNEX, U.S. NAVAL MINE DEPOT, YORKTOWN, VIRGINIA.

THE NAVAL GUN FACTORY, WASHINGTON, D.C., IS THE LARGEST OF ALL THE BUREAU OF ORDNANCE FIELD ACTIVITIES AND THE LARGEST INDUSTRIAL ACTIVITY IN THE DISTRICT OF COLUMBIA. THIS STATION PERFORMS MANY FUNCTIONS COMMON TO NAVAL ORDNANCE PLANTS AND, IN ADDITION, OPERATES THE PRINCIPAL NAVAL ORDNANCE GAGE LABORATORY AND ADMINISTERS THE FINAL ACCEPTANCE INSPECTION GAGE PROGRAM; STORES, RANGES, OVERHAULS AND MODIFIES TORPEDOES, AND PERFORMS MANY OTHER MISCELLANEOUS FUNCTIONS AS DIRECTED BY THE BUREAU OF ORDNANCE, INCLUDING LOGISTIC SUPPORT FOR MANY MILITARY ACTIVITIES IN THE WASHINGTON AREA. THE NAVAL GUN FACTORY IS CLASSIFIED AS AN INDUSTRIAL ACTIVITY FOR ACCOUNTING PURPOSES. THE BUREAU IS PLANNING TO INSTALL THE NAVY INDUSTRIAL FUND AT THIS STATION IN THE NEAR FUTURE.

ARE THE NAVAL POWDER FACTORY, INDIAN HEAD, MARYLAND; THE NAVAL TORPEDO STATION, KEYPORT, WASHINGTON; THE CENTRAL TORPEDO OFFICE, NEWPORT, RHODE ISLAND; THE NAVAL RESERVE ORDNANCE STATION, NEWPORT, RHODE ISLAND; THE NAVAL GUN FACTORY, WASHINGTON, D.C.; THE NAVAL FIRE SUPPORT, PORTSMOUTH VIRGINIA; AND THE SHIPS GREEN ANNEX, U.S. NAVAL FIRE SUPPORT, PORTSMOUTH, VIRGINIA.

THE NAVAL GUN FACTORY, WASHINGTON, D.C., IS THE LARGEST OF ALL THE BUREAU OF ORDNANCE FIELD ACTIVITIES AND THE LARGEST INDUSTRIAL ACTIVITY IN THE DISTRICT OF COLUMBIA. THIS STATION PERFORMS MANY FUNCTIONS COMMON TO NAVAL ORDNANCE PLANTS AND, IN ADDITION, OPERATES THE PRINCIPAL NAVAL ORDNANCE TEST LABORATORY AND ADMINISTERS THE FINAL ACCEPTANCE INSPECTION FOR PROGRAM: STORES, RANGES, OVERHAULS AND MODIFIES TORPEDOES, AND PERFORMS MANY OTHER MISCELLANEOUS FUNCTIONS AS DIRECTED BY THE BUREAU OF ORDNANCE INCLUDING LOGISTIC SUPPORT FOR MANY MILITARY ACTIVITIES IN THE WASHINGTON AREA. THE NAVAL GUN FACTORY IS CLASSIFIED AS AN INDUSTRIAL ACTIVITY FOR ACCOUNTING PURPOSES. THE BUREAU IS PLANNING TO INSTALL THE NAVY INDUSTRIAL FUND AT THIS STATION IN THE NEAR FUTURE.

The Navy Industrial Fund was installed at the Naval Powder Factory, Indian Head, Maryland, on 1 July 1953. The functions of this station are to manufacture, recondition, test, and conduct research and development with propellants and high explosives, manufacture sulphuric and nitric acids, and perform other tasks in connection with explosives as directed by the Bureau of Ordnance.

The Naval Underwater Ordnance Station, Newport, Rhode Island, the Naval Mine Depot, Yorktown, Virginia, and the Naval Torpedo Station, Keyport, Washington, are classified as modified industrial for accounting purposes. The Central Torpedo Office, Newport, Rhode Island, is a non-industrial activity. Logistic support, including accounting for the Central Torpedo Office is provided by the Naval Underwater Ordnance Station, Newport.

In addition to providing financial support for the stations under its management control, the Bureau allots funds for the support of Ordnance Department to Naval Stations.

A complete listing by types of the activities for which the Bureau provides budgets and allocates funds for maintenance and operation is, as follows:

THE NAVY INDUSTRIAL FUND WAS INSTALLED AT THE NAVAL POWDER FACTORY, INDIAN HEAD, MARYLAND, ON 1 JULY 1 THE FUNCTIONS OF THIS STATION ARE TO MANUFACTURE, RECON-DITION, TEST, AND CONDUCT RESEARCH AND DEVELOPMENT WITH PROPELLANTS AND HIGH EXPLOSIVES, MANUFACTURE SULPHURIC AND NITRIC ACIDS, AND PERFORM OTHER TASKS IN CONNECTION WITH EXPLOSIVES AS DIRECTED BY THE BUREAU OF ORDNANCE.

THE NAVAL UNDERWATER ORDNANCE STATION, NEWPORT, RHODE ISLAND, THE NAVAL MINE DEPOT, YORKTOWN, VIRGINIA, THE NAVAL TORPEDO STATION, KEYPORT, WASHINGTON, ARE CLASS-IFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES. THE CENTRAL TORPEDO OFFICE, NEWPORT, RHODE ISLAND, IS A NON-INDUSTRIAL ACTIVITY. LOGISTIC SUPPORT, INCLUDING ACCOUNT FOR THE CENTRAL TORPEDO OFFICE IS PROVIDED BY THE NAVAL ORDNANCE STATION, NEWPORT.

IN ADDITION TO PROVIDING FINANCIAL SUPPORT FOR THE STATIONS UNDER ITS MANAGEMENT CONTROL, THE BUREAU ALLOTS FUNDS FOR THE SUPPORT OF ORDNANCE DEPARTMENT TO NAVAL STATIONS.

A COMPLETE LISTING BY TYPES OF THE ACTIVITIES FOR WHICH THE BUREAU PROVIDES BUDGETS AND ALLOCATES FUNDS FOR MAINTENANCE AND OPERATION IS, AS FOLLOWS:

FIELD ACTIVITIES UNDER MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE

NAVAL AMMUNITION DEPOTS

BANGOR, WASHINGTON
CHARLESTON, SOUTH CAROLINA
CHARLOTTE, NORTH CAROLINA
CRANE, INDIANA
EARLE, NEW JERSEY
FALLBROOK, CALIFORNIA
FORT MIFFLIN, PENNSYLVANIA
HASTINGS, NEBRASKA
HAWTHORNE, NEVADA
HINGHAM, MASSACHUSETTS
McALESTER, OKLAHOMA
MARE ISLAND, CALIFORNIA
NEW ORLEANS, LOUISIANA
OAHU, T. H.
SEAL BEACH, CALIFORNIA
ST. JULIENS CREEK, VIRGINIA
SHUMAKER, ARKANSAS
LAKE DENMARK, NEW JERSEY
(STORAGE FACILITY AT NAVAL AIR ROCKET TEST STATION)

NAVAL MAGAZINES

GUAM, M.I.
KEY WEST, FLORIDA
PORT CHICAGO, CALIFORNIA
THEODORE, ALABAMA

NAVAL ORDNANCE PLANTS

CANTON, OHIO
FOREST PARK, ILLINOIS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY
MACON, GEORGIA
POCATELLO, IDAHO
SOUTH CHARLESTON, W. VIRGINIA
YORK, PENNSYLVANIA

NAVAL NET DEPOTS

MELVILLE, R.I.
TIBURON, CALIFORNIA

NAVAL DEGAUSSING STATIONS

BALBOA, C.Z.
BREMERTON, WASHINGTON
CHARLESTON, SOUTH CAROLINA
GUAM, M.I.
NEW LONDON, CONNECTICUT
NEWPORT, RHODE ISLAND
NORFOLK, VIRGINIA
PEARL HARBOR, T.H.
SAN FRANCISCO, CALIFORNIA
SASEBO, JAPAN
YOKOSUKA, JAPAN

NAVAL RESEARCH ACTIVITIES

NAVAL AVIATION ORDNANCE TEST STATION, CHINCOTEAGUE, VA.
NAVAL ORDNANCE LABORATORY, CORONA, CALIFORNIA
NAVAL PROVING GROUND, DAHLGREN, VIRGINIA
NAVAL ORDNANCE TEST STATION, INYOKERN, CALIFORNIA
NAVAL ORDNANCE UNIT, KEY WEST, FLORIDA
NAVAL ORDNANCE LABORATORY, WHITE OAK, MARYLAND
NAVAL ORDNANE MISSILE TEST FACILITY, WHITE SANDS, N.M.

FIELD ACTIVITIES UNDER THE CHARGEABILITY PROVIDED BY THE BUREAU OF ORDNANCE

NAVAL AMMUNITION DEPOTS

ARCOLA, VIRGINIA
CHARLESTON, SOUTH CAROLINA
CHARLOTTE, NORTH CAROLINA
CRANE, INDIANA
EARLE, NEW JERSEY
FALLBROOK, CALIFORNIA
FORT MIFFLIN, PENNSYLVANIA
HASTINGS, NEBRASKA
HAWTHORNE, NEVADA
HINGHAM, MASSACHUSETTS
McALESTER, OKLAHOMA
MARE ISLAND, CALIFORNIA
NEW ORLEANS, LOUISIANA
OAHU, T. H.
SEAL BEACH, CALIFORNIA
ST. JULIENS CREEK, VIRGINIA
SHUMAKER, ARKANSAS
TAKU, DENMARK, NEW JERSEY
(STORAGE FACILITY AT NAVAL
AIR ROCKET TEST STATION)

NAVAL AIR STATIONS

ALBOA, P.R.
BREMERTON, WASHINGTON
CHARLESTON, SOUTH CAROLINA
GUAM, M.I.
NEW LONDON, CONNECTICUT
NEWPORT, RHODE ISLAND
NORFOLK, VIRGINIA
PEARL HARBOR, T.H.
SAN FRANCISCO, CALIFORNIA
SASEBO, JAPAN
YOKOSUKA, JAPAN

NAVAL RESEARCH ACTIVITIES

NAVAL AERIAL ORDNANCE TEST STATION, CHINCOTEAGUE, VA.
NAVAL ORDNANCE LABORATORY, CORONA, CALIFORNIA
NAVAL ROCKET GROUND, CAMBERN, VIRGINIA
NAVAL ORDNANCE TEST STATION, INYOKERN, CALIFORNIA
NAVAL ORDNANCE UNIT, KEY WEST, FLORIDA
NAVAL ORDNANCE LABORATORY, WHITE OAK, MARYLAND
NAVAL ORDNANCE TURBIDE TEST FACILITY, WHITE SANDS, N.M.

NAVAL ASSAIRTS

GUAM, M.I.
KEY WEST, FLORIDA
PORT HUENEME, CALIFORNIA
TUTUILA, SAMOA

NAVAL ORDNANCE PLANTS

CANTON, OHIO
FOREST PARK, ILLINOIS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY
MACON, GEORGIA
POCATELLO, IDAHO
SOUTH CHARLESTON, W. VIRGI
YORK, PENNSYLVANIA

NAVAL TEST DEPOTS

BELVILLE, N.J.
ISLETON, CALIFORNIA

Miscellaneous Ordnance Activities

Naval Powder Factory, Indian Head, Maryland
Naval Torpedo Station, Keyport, Washington
Central Torpedo Office, Newport, Rhode Island
Naval Underwater Ordnance Station, Newport, R.I.
Naval Gun Factory, Washington, D.C.
Naval Mine Depot, Yorktown, Va.
Skiffes Creek Annex (Naval Mine Depot, Yorktown, Va.)
Naval Administrative Unit, Clarksville, Tenn.

Field Activities Having Ordnance Departments or Facilities Financed by Bureau of Ordnance

Naval Stations

Adak, Alaska
Guantanamo Bay, Cuba
Key West, Florida
Rodman, Canal Zone
Roosevelt Roads, Puerto Rico
San Diego, California
Subic Bay, Philippine Is.

Ordnance Facilities at Overseas Bases

Port Lyautey, French Morocco
Sasembo, Japan
Yokosuka, Japan

Management of the Naval Ordnance Establishment - Having responsibility for so many field activities with diversified missions requires careful management by the Bureau of Ordnance to determine that the operations of these stations are efficient and economical in processing assigned tasks.

Every field activity is assigned a mission which clearly defines the broad duties, responsibilities and

MISCELLANEOUS ORDNANCE ACTIVITIES

NAVAL POWDER FACTORY, INDIAN HEAD, MARYLAND
NAVAL TORPEDO STATION, KEYPORT, WASHINGTON
CENTRAL TORPEDO OFFICE, NEWPORT, RHODE ISLAND
NAVAL UNDERWATER ORDNANCE STATION, NEWPORT, R.I.
NAVAL GUN FACTORY, WASHINGTON, D.C.
NAVAL MINE DEPOT, YORKTOWN, VA.
SKIFFES CREEK ANNEX (NAVAL MINE DEPOT,
YORKTOWN, VA.)
NAVAL ADMINISTRATIVE UNIT, CLARKSVILLE, TENN.

FIELD ACTIVITIES HAVING ORDNANCE OPERATIONS OR FACILITIES ON THEIRGROUNDS BY BUREAU OF ORDNANCE

NAVAL STATIONS	ORDNANCE FACILITIES AT OVERSEAS BASES
ADAK, ALASKA	
GUANTANAMO BAY, CUBA	PORT LYAUTEY, FRENCH MOROCCO
KEY WEST, FLORIDA	SASEBO, JAPAN
ROOSEVELT ROADS, PUERTO RICO	YOKOSUKA, JAPAN
SAN DIEGO, CALIFORNIA	
SUBIC BAY, PHILIPPINE IS.	

MANAGEMENT OF THE NAVAL ORDNANCE ESTABLISHMENT -

HAVING RESPONSIBILITY FOR SO MANY FIELD ACTIVITIES WITH DIVERSIFIED MISSIONS REQUIRES CAREFUL MANAGEMENT BY THE BUREAU OF ORDNANCE TO DETERMINE THAT THE OPERATIONS OF THESE STATIONS ARE EFFICIENT AND ECONOMICAL IN PROCESSING ASSIGNED TASKS.

EVERY FIELD ACTIVITY IS ASSIGNED A MISSION WHICH CLEARLY DEFINES THE BROAD DUTIES, RESPONSIBILITIES AND

FUNCTIONS. FUNDS AND PERSONNEL CEILING ARE GRANTED TO THE ACTIVITIES BY THE BUREAU TO CARRY OUT THE ASSIGNED WORK. ALLOTMENTS OR PROJECT ORDERS ARE THE TWO MAIN METHODS OF ALLOCATING FUNDS TO THE FIELD ACTIVITIES. NORMALLY, ALLOTMENT FUNDS MAY BE OBLIGATED ONLY DURING THE FISCAL YEAR IN WHICH GRANTED. EXPENDITURES FOR OBLIGATIONS INCURRED PRIOR TO THE END OF THE FISCAL YEAR MAY BE MADE UNTIL THE END OF THE SECOND FOLLOWING FISCAL YEAR. PROJECT ORDERS ARE AVAILABLE FOR OBLIGATION AND EXPENDITURE DURING THE FISCAL YEAR IN WHICH ISSUED AND FOR THE NEXT TWO FISCAL YEARS.

A PROJECT ORDER MAY BE CONSIDERED THE SAME AS A CONTRACT BETWEEN THE BUREAU AND THE FIELD ACTIVITY TO ACCOMPLISH SPECIFIC WORK FOR A SPECIFIC SUM OF MONEY BY A DEADLINE DATE. THE OVERHAUL OR MODIFICATION OF FIFTY TORPEDO DETONATORS WITHIN A ONE-AND-A-HALF YEAR PERIOD WOULD BE AN EXAMPLE OF WORK ASSIGNED BY A PROJECT ORDER. IN ACCEPTING A PROJECT ORDER, THE COMMANDING OFFICER AFFIXES HIS SIGNATURE ACCEPTING THE TERMS OF THE PROJECT ORDER. ILLUSTRATIONS ON PAGES 29 AND 30 ARE EXAMPLES OF ALLOTMENTS AND PROJECT ORDERS ASSIGNED TO FIELD ACTIVITIES.

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PROJECT ORDER

(See reverse side for instructions in issuing project order)

1. DATE: F12a-1 (MO'N:aj)

ORDERING DEPARTMENT OR COMPONENT	ADDRESS	3. PROJECT ORDER NUMBER
Department of the Navy Bureau of Ordnance	Washington 25, D. C.	75801
		4. AMENDMENT NUMBER -

PERFORMING INSTALLATION	ADDRESS	STATION NUMBER
Commanding Officer U. S. Naval Ordnance Plant	Indianapolis, Indiana	163

DELIVERY INSTRUCTIONS		
To be completed by 31 December 1954	DATE -	METHOD -

CRIPTION OF WORK TO BE PERFORMED AND OTHER INSTRUCTIONS (If additional space is required, use Supplemental Data Section on side hereof or attach additional sheets)

For the manufacture and special packaging of twenty (20) Test Units Mark 44 Mod 0, including procurement of materials incidental thereto.

Copy to:
Ma8a-2 Maf-2 Ma8-1 Ma8b
Qc Fi2a-1 Fi2

ACCOUNTING CLASSIFICATION

IATION TITLE AND SYMBOL	ALLOTMENT (If applicable)	PROJECT OR EXP. ACCT.	OBJECT	STATION NUMBER	AMOUNT
1741702.33, O&FN 1954	-	52000 62000	-	163	$30,000

TIFY THAT THIS ORDER IS PLACED IN ACCORDANCE WITH THE PROVISIONS OF THE ACTS OF JUNE 5, 1920 AND JULY 1, 1922 (41 USC 23) EPARTMENT OF DEFENSE PROJECT ORDER REGULATIONS. WORK TO BE PERFORMED AND MATERIAL TO BE PROCURED PURSUANT TO THIS ORDER ROPERLY CHARGEABLE TO THE APPROPRIATION OR OTHER ACCOUNTS INDICATED ABOVE UNTIL 30 June 1955 (DAY MONTH YEAR), THE EXPIRATION OF THIS PROJECT ORDER. FUNDS IN THE AMOUNT INDICATED ABOVE HAVE BEEN OBLIGATED ON RECORDS OF ORDERING DEPARTMENT.

TITLE OF AUTHORIZING OFFICER	SIGNATURE

ABOVE TERMS AND CONDITIONS ARE SATISFACTORY AND ARE ACCEPTED.

EPTED	NAME AND TITLE OF ACCEPTING OFFICER	SIGNATURE

FORM NOV 50 411

D57578

INSTRUCTIONS

This form is intended for use by military departments in placing project orders with installations within the Department of Defense.

ITEM 1 - Date of project order or amendment.

ITEM 2 - Name and address of ordering department or component.

ITEM 3 - Number assigned to project order by ordering department or component for control purposes.

ITEM 4 - Number assigned to project order amendment by ordering department or component for control purposes. Formal amendments shall be numbered consecutively.

ITEM 5 - Name, address, and station number of performing installation.

ITEM 6 - Instructions for place, date and method of delivery, if applicable. Where additional space is required for these instructions, use Supplemental Data Section.

ITEM 7 - Full description of the work ordered *(this may be incorporated by reference)* and such other instructions as conditions of inspections; shipping, packing and marking instructions; etc. Use Supplemental Data Section or attach additional sheets, if necessary. Limitations, if any, applicable to the appropriation or other accounts relevant to this order are shown in the Supplemen Data Section below.

ITEM 8 - Insert in these spaces the complete counting classifications chargeable and the amo obligated by the ordering department or compone for the work ordered *(the block entitled "allo ment" is to be used only when the ordering depa ment is actually citing an allotment account*

ITEM 9 - Insert in the spaces provided, the expi tion date of the project order; the name, tit and signature of officer, or his authorized rep sentative, controlling or having responsibili for the administration of the funds cited on t project order or amendment. If authorizing offic is other than one having fiscal responsibilit the ordering department must have on file, as su port to the certificate, a written statement such an officer substantiating the fiscal porti of the certificate.

ITEM 10 - The performing installation shall ind cate acceptance in this space. Duplicate, beari acceptance date, name, title and signature of a cepting officer shall be returned to the orderi department or component. If the performing insta lation is unable to accept the project order, shall return promptly the original project ord form to the ordering office with appropriate e planation.

SUPPLEMENTAL DATA SECTION

ALLOTMENT AUTHORIZATION
NAVEXOS-2674 (5-52)

COPY

TO Commander BOSTON NAVAL SHIPYARD BOSTON 29, Massachusetts	ALLOTMENT NO. 14101 TYPE OF ALLOTMENT [X] NEW [ ] SUPPLEMENTARY [ ] AMENDMENT NO.
FROM Chief, Bureau of Ordnance	
TITLE OF APPROPRIATION AND SUBHEAD Ordnance & Facilities 1954 S. H. 28	APPRO. & SUBHEAD SYMBOL 1741702.28
PURPOSE OF ALLOTMENT *(Name of Project)* Maintenance, Overhaul and Rehabilitation of Equipment in Store	
OFFICE PERFORMING ALLOTMENT ACCOUNTING *(This data must be provided)* NAME AND MAILING ADDRESS: Fiscal Officer, Boston Naval Shipyard, Boston 29, Massachusetts ACCOUNTING NO.: 111	
IMPORTANT NOTE *When allotments are granted for more than one quarter, amounts authorized for other than the current quarter will NOT be taken up until the first day of applicable quarter.*	
REFERENCE	

QUARTERLY AUTHORIZATION	AMOUNT OF ALLOTMENT
(1)	30,000
(2)	25,000
(3)	25,000
(4)	20,000
TOTAL	100,000
PREVIOUS TOTAL	
NEW TOTAL	

DECREASES ARE SHOWN BY "( )"

REMARKS

1. Labor and material expenditures incident to the maintenance, repair, overhaul (when authorized by BuOrd), modernization, and preservation of J cognizance fire control material and associated BuOrd controlled spare parts, tools and accessories and expenditures incidental to receiving, recording, sorting, handling, identifying, storing, packaging, and preparation for shipment.

2. The following expenditure account number is authorized: 69000 series.

3. Unencumbered balances on quarterly authorizations are carried forward and available until expended.

4. Station is requested to report under "Remarks" Column of NAVEXOS 3443 any excess or deficiency in authorization.

5. Obligations and commitments cannot be lodged against this expenditure authorization until receipt of an ALNAV authorizing commitment and obligation of Fiscal Year 1954 appropriated funds.

Copy to:
NCA
F12(2 copies)
Ma4-1 (2 Copies)
Ma4b

J. F. BENSON
Assistant Director for Planning
Material Division

DATE	APPROVED
23 June 1953	

[illegible]

[illegible]

[illegible]

THE BUREAU GRANTS PER DIEM AND PER ANNUM CIVIL SERVICE PERSONNEL CEILING TO THE FIELD ACTIVITY. PROVIDED THAT SUFFICIENT FUNDS ARE AVAILABLE AND THAT CIVIL SERVICE POSITION DESCRIPTIONS HAVE BEEN APPROVED WHERE REQUIRED, THE STATION IS AUTHORIZED TO RECRUIT AND HIRE CIVIL SERVICE EMPLOYEES UP TO THE AUTHORIZED PERSONNEL CEILINGS.

IN MANY BUREAU OF ORDNANCE ACTIVITIES, DUE TO THE TECHNICAL NATURE OF THE WORK, A HIGH PERCENTAGE OF FUNDS IS EXPENDED FOR CIVILIAN LABOR. MATERIALS, UTILITIES AND CONTRACTS FOR OUTSIDE SERVICES ARE THE OTHER MAJOR PURPOSES FOR EXPENDITURE OF FUNDS.

UPON REQUEST OF THE BUREAU OF ORDNANCE, MILITARY PERSONNEL ALLOWANCES FOR OFFICERS AND ENLISTED MEN AT FIELD ACTIVITIES ARE ESTABLISHED BY THE BUREAU OF NAVAL PERSONNEL AFTER APPROVAL BY THE DEPUTY CHIEF OF NAVAL OPERATIONS (PERSONNEL). PAY AND ALLOWANCES FOR MILITARY PERSONNEL ARE PAID FROM THE APPROPRIATION MILITARY PAY, NAVY ADMINISTERED BY THE BUREAU OF NAVAL PERSONNEL. ALTHOUGH THE STATION ALLOTMENTS ARE NOT CHARGED FOR THE PAY, ALLOWANCES AND SUBSISTENCE OF MILITARY PERSONNEL, ALL OTHER PERSONNEL EXPENSES, SUCH AS MAINTENANCE AND UPKEEP OF

THE BUREAU SHIPS HAS DIED AND HEN MANUAL CIVIL SERVICE PERSONNEL CEILING TO THE FIELD ACTIVITY. (BOUNDE THAT SUFFICIENT FUNDS ARE AVAILABLE AND THAT CIVIL SERVIC POSITION DESCRIPTIONS HAVE BEEN APPROVED UNDER RECORDED THE STATION IS AUTHORIZED TO RECRUIT AND HIRE CIVIL SERVI EMPLOYEES UP TO THE AUTHORIZED PERSONNEL CEILINGS.

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BARRACKS, GALLEYS, MESS HALLS, QUARTERS, CHAPELS, AND DISPENSARIES, AND TRAVEL EXPENSES OF MILITARY PERSONNEL, ARE PROPERLY CHARGEABLE TO THE STATION MAINTENANCE AND OPERATION ALLOTMENT.

HAVING BEEN GRANTED FUNDS, MANPOWER AND FACILITIES, THE COMMANDING OFFICER OF THE ACTIVITY IS RESPONSIBLE TO THE BUREAU FOR COMPLETION OF ASSIGNED TASKS AND CARRYING OUT THE STATION MISSION.

PROGRESS REPORTS, FINANCIAL STATUS REPORTS, WORK MEASUREMENT REPORTS AND MANPOWER REPORTS SUBMITTED BY THE FIELD ACTIVITIES ARE TOOLS UTILIZED BY THE BUREAU IN EXERCISING MANAGEMENT CONTROL. ALSO, VARIOUS INSPECTIONS AND INFORMAL VISITS ARE USED TO EVALUATE PROGRESS BEING MADE, TO DETERMINE EFFICIENCY AND ECONOMY OF OPERATIONS AND TO VERIFY COMPLIANCE WITH EXISTING REGULATIONS.

THE ILLUSTRATION ON PAGE 33 PREPARED BY THE COMPTROLLER OF THE BUREAU OF ORDNANCE SHOWS HOW THE BUREAU EXERCISES MANAGEMENT CONTROL OF THE NAVAL ORDNANCE ESTABLISHMENT BY FUND CONTROLS, INSPECTIONS AND MANPOWER CONTROLS. THE VARIOUS REPORTS RENDERED BY THE STATIONS TO THE BUREAU FOR MANAGEMENT CONTROL ARE VIVIDLY INDICATED ON THE CHART.

LABORATORY, GALLEYS, MESS HALLS, QUARTERS, CHAPELS, AND DISPENSARIES, AND TRAVEL EXPENSES OF MILITARY PERSONNEL, ARE PROPERLY CHARGEABLE TO THE STATION MAINTENANCE AND OPERATION ALLOTMENT.

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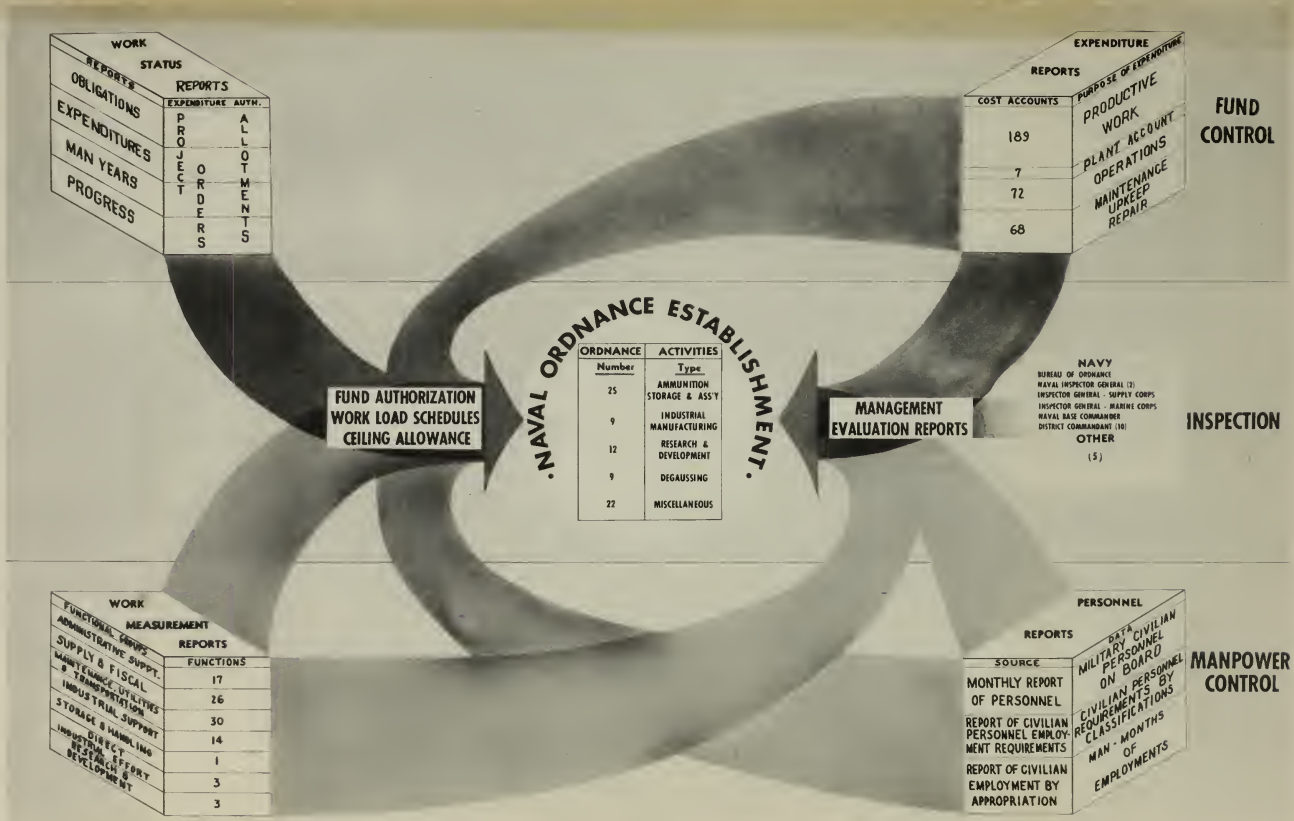
THE ILLUSTRATION ON PAGE 55 PREPARED BY THE COMPTROLLER OF THE BUREAU OF ORDNANCE SHOWS HOW THE BUREAU EXERCISES MANAGEMENT CONTROL OF THE NAVAL ORDNANCE ESTABLISHMENT BY FUND CONTROLS, INSPECTIONS AND MANPOWER CONTROL. THE VARIOUS REPORTS RENDERED BY THE STATIONS TO THE BUREAU FOR MANAGEMENT CONTROL ARE VIVIDLY INDICATED ON THE CHART

MANAGEMENT - NAVAL ORDNANCE ESTABLISHMENT



Classification of Field Activities for Accounting Purposes -- The Bureau of Ordnance is one of the few bureaus of the Navy Department which has field activities in the four classiciations for accounting purposes. The Navy Comptroller designates the accounting classification of field activities in Volume III of the Navy Comptroller Manual.

Paragraph 031200 of the Navy Comptroller Manual describes these classifications as follows:[6]

Type of Activity	Financing Medium	Makes Overhead Distribution	Prepares Detailed Cost Reports
Industrial	Annual Appropriation	Yes	Yes
Modified Industrial	Annual Appropriation	Yes	No
Non-Industrial	Annual Appropriation	No	No
Industrial Fund	Navy Industrial Fund	Yes	Yes

[6] Navy Comptroller Manual, Volume III, Appropriation, Cost and Property Accounting (Field) Par 031200.

CLASSIFICATION OF FIELD ACTIVITIES FOR ACCOUNTING

PURPOSES -- The Bureau of Ordnance is one of the few Bureaus of the Navy Department which has field activities in the four classifications for accounting purposes. The Navy Comptroller designates the accounting classification of field activities in Volume III of the Navy Comptroller Manual.

Paragraph 0312.00 of the Navy Comptroller Manual describes these classifications as follows:[6]

Type of Activity	Financing Medium	Makes Overhead Distribution	Prepare Detail Cost
Industrial	Annual Appropriation	Yes	Yes
Industrial Industrial	Annual Appropriation	Yes	No
Non-Industrial	Annual Appropriation	No	No
Industrial Fund	Navy Industrial Fund	Yes	Yes

[6] Navy Comptroller Manual, Volume III, Appropriation Cost and Property Accounting (Field) Par 0312.00.

CHAPTER IV

IMPLEMENTATION OF THE NAVY INDUSTRIAL FUND AT BUREAU OF ORDNANCE ACTIVITIES

NAVAL ORDNANCE PLANT, YORK, PENNSYLVANIA - ON AUGUST 1, 1951, THE NAVY INDUSTRIAL FUND WAS INSTALLED AT THE NAVAL ORDNANCE PLANT, YORK, PENNSYLVANIA. THIS WAS ONE OF THE FIRST NAVAL ACTIVITIES TO OPERATE UNDER A WORKING CAPITAL FUND, IN ACCORDANCE WITH THE PROVISION OF SECTION 405 OF PUBLIC LAW 216. THIS STATUTE ESTABLISHED WORKING CAPITAL FUNDS IN THE DEPARTMENT OF DEFENSE FOR THE PURPOSES OF FINANCING INVENTORIES AND FOR PROVIDING WORKING CAPITAL FOR INDUSTRIAL-TYPE ACTIVITIES.

THE NAVY INDUSTRIAL FUND AT YORK OPERATES UNDER A CHARTER AND A CAPITALIZATION OF $3,500,000, GRANTED BY THE SECRETARY OF DEFENSE, IN ACCORDANCE WITH TITLE IV AMENDMENTS TO NATIONAL SECURITY ACT OF 1947.

AN ILLUSTRATION PORTRAYING THE OPERATIONS UNDER NAVY INDUSTRIAL FUND FINANCING AT YORK IS SHOWN ON PAGE 36. IT IS INTERESTING TO NOTE THAT ALL MANUFACTURING CHARGES, SUCH AS DIRECT LABOR, DIRECT MATERIALS, OVERHEAD EXPENSES AND CONTRACT SERVICES ARE FINANCED BY THE NAVY INDUSTRIAL FUND. UPON COMPLETION OF THE WORK, THE APPROPRIATION UTILIZING THE MATERIAL IS CHARGED FOR THE TOTAL COST AND

CHAPTER IV

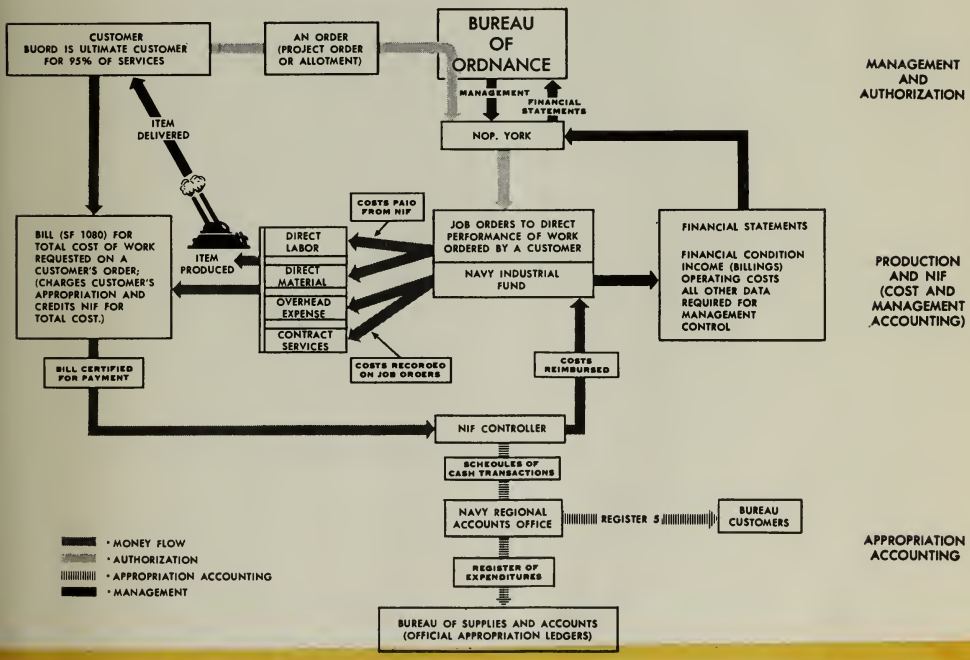
INSTALLATION OF THE NAVY INDUSTRIAL FUND AT BUREAU OF ORDNANCE ACTIVITIES

NAVAL ORDNANCE PLANT, YORK, PENNSYLVANIA - ON AUGUST 1, 1951, THE NAVY INDUSTRIAL FUND WAS INSTALLED AT THE NAVAL ORDNANCE PLANT, YORK, PENNSYLVANIA. THIS WAS ONE OF THE FIRST NAVAL ACTIVITIES TO OPERATE UNDER A WORKING CAPITAL FUND, IN ACCORDANCE WITH THE PROVISION OF SECTION 405 OF PUBLIC LAW 215. THIS STATUTE ESTABLIS WORKING CAPITAL FUNDS IN THE DEPARTMENT OF DEFENSE FOR THE PURPOSES OF FINANCING INVENTORIES AND FOR PROVIDING WORKING CAPITAL FOR INDUSTRIAL-TYPE ACTIVITIES.

THE NAVY INDUSTRIAL FUND AT YORK OPERATES UNDER A CHARTER AND A CAPITALIZATION OF $5,000,000, GRANTED BY T SECRETARY OF DEFENSE, IN ACCORDANCE WITH TITLE IV AMENDM TO NATIONAL SECURITY ACT OF 1947.

AN ILLUSTRATION PORTRAYING THE OPERATIONS UNDER NAVY INDUSTRIAL FUND FINANCING AT YORK IS SHOWN ON PAGE IT IS INTERESTING TO NOTE THAT ALL MANUFACTURING CHARGES SUCH AS DIRECT LABOR, DIRECT MATERIALS, OVERHEAD EXPENSES AND CONTRACT SERVICES ARE FINANCED BY THE NAVY INDUSTRIAL FUND. UPON COMPLETION OF THE WORK, THE APPROPRIATION UTILIZING THE MATERIAL IS CHARGED FOR THE TOTAL COST AND

OPERATIONS UNDER NIF FINANCING



THE NAVY INDUSTRIAL FUND IS CREDITED FOR THE SAME AMOUNT, THUS REPLENISHING THE REVOLVING FUND.

IT IS OBVIOUS THAT THERE ARE MANY ADVANTAGES TO THE BUREAU OF ORDNANCE AND TO THE PLANT MANAGEMENT AT NAVAL ORDNANCE PLANT, YORK, IN HAVING, AS THE FINANCING MEDIUM, THE NAVY INDUSTRIAL FUND. THESE ADVANTAGES ARE LISTED IN AN ARTICLE WRITTEN BY THE DEPUTY COMPTROLLER OF THE BUREAU OF ORDNANCE:[7]

> THE MAJOR ADVANTAGES GAINED BY THE HOME OFFICE, I.E. THE BUREAU OF ORDNANCE, IN THIS CASE ARE:
>
> 1. THE BUREAU IS ABLE TO EVALUATE AND COMPARE THE OVERHEAD RATES WITH COMPARABLE FUNCTIONS AT OTHER FIELD STATIONS UNDER ITS MANAGEMENT CONTROL. FOR EXAMPLE, A DETERMINATION MAY BE MADE BY THE BUREAU AS TO THE EFFICIENCY AND COST OF OPERATIONS OF INDIVIDUAL OVERHEAD FUNCTIONS.
>
> 2. IT WILL BE POSSIBLE, AS THE INSTALLATION OF NAVY INDUSTRIAL FUND SYSTEMS PROGRESSES IN INDUSTRIAL PRODUCTIVE STATIONS UNDER THE MANAGEMENT CONTROL OF THIS BUREAU, TO COMPARE COSTS OF OPERATIONS AND TO DEVELOP COST COMPETITION BETWEEN STATIONS OF A SIMILAR NATURE.
>
> 3. THROUGH THE MEDIA OF SIMPLIFIED ACCOUNTING AND REPORTING SYSTEMS, THE COST OF WORK PERFORMED WILL BE TIED IN WITH THE INDIVIDUAL BUDGET PROGRAM AS PRESENTED AND JUSTIFIED BEFORE THE APPROPRIATIONS COMMITTEES OF THE CONGRESS. THE AMOUNT OF WORK PERFORMED WOULD BE DIRECTLY CONTROLLED BY ORDERS PLACED WITHIN THE LIMITS OF MONEY APPROPRIATED FOR SUCH WORK BY BUDGET ALLOCATION.
>
> 4. IT WILL BE POSSIBLE TO OBTAIN MORE ACCURATE ESTIMATES OF COSTS OF PLANNED PRODUCTION PRIOR TO PLACING PROJECT ORDERS WITH THE NAVAL ORDNANCE PLANT, YORK.

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[7] E. S. TILLEY, "USE OF WORKING CAPITAL FUNDING BY THE NAVY'S BUREAU OF ORDNANCE," THE CONTROLLER, AUGUST 1952, PP. 375, 386.

THE NAVY INDUSTRIAL FUND IS CREDITED FOR THE SAME AMOUNT THUS REIMBURSING THE REVOLVING FUND.

IT IS ARGUED THAT THERE ARE MANY ADVANTAGES TO THE BUREAU OF ORDNANCE AND TO THE PLANT MANAGEMENT AT NAVAL ORDNANCE PLANT, IRWIN, BY HAVING, AS THE FINANCING MEDIUM, THE NAVY INDUSTRIAL FUND. THESE ADVANTAGES ARE LISTED IN AN ARTICLE WRITTEN BY THE DEPUTY COMPTROLLER OF THE BUREAU OF ORDNANCE:[7]

THE MAJOR ADVANTAGES GAINED BY THE NAVY ORDNANCE.

1.E. THE BUREAU OF ORDNANCE, IN THIS CASE ARE:

1. THE BUREAU IS ABLE TO EVALUATE AND COMPARE THE OVERHEAD RATES WITH COMPARABLE FUNCTIONS AT OTHER FIELD STATIONS UNDER ITS MANAGEMENT CONTROL. FOR EXAMPLE, A DETERMINATION MAY BE MADE BY THE BUREAU AS TO THE EFFICIENCY AND COST OF OPERATIONS OF INDIVIDUAL OPERATING FUNCTIONS.

2. IT WILL BE POSSIBLE, AS THE INSTALLATION OF NAVY INDUSTRIAL FUND SYSTEMS PROGRESSES IN INDUSTRIAL PRODUCTIVE STATIONS UNDER THE MANAGEMENT CONTROL OF THIS BUREAU, TO COMPARE COSTS OF OPERATIONS AND TO DEVELOP COST COMPETITION BETWEEN STATIONS OF A SIMILAR NATURE.

3. THROUGH THE MEDIA OF SIMPLIFIED ACCOUNTING AND REPORTING SYSTEMS, THE COST OF WORK PERFORMED WILL BE TIED IN WITH THE INDIVIDUAL BUDGET MAXIMUM AS ESTABLISHED AND APPROVED BY THE APPROPRIATIONS COMMITTEES OF THE CONGRESS. THE AMOUNT OF WORK PERFORMED WOULD BE DIRECTLY CONTROLLED BY COSTS PLACED WITHIN THE LIMITS OF MONEY APPROPRIATED FOR SUCH WORK BY BUDGET ALLOCATION.

4. IT WILL BE POSSIBLE TO OBTAIN MORE ACCURATE ESTIMATES OF COSTS OF PLANNED PRODUCTION PRIOR TO PLACING PROJECT ORDERS WITH THE NAVAL ORDNANCE PLANT, IRWIN.

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7. G. FIDDY, "USE OF MONTHLY CAPITAL FUNDING BY THE NAVY'S BUREAU OF ORDNANCE," THE CONTROLLER, AUGUST 1952, PP. 370, 380.

5. THE NAVY INDUSTRIAL FUND IS PROVIDING A MORE EFFECTIVE MEANS FOR CONTROLLING THE COST OF END ITEMS MANUFACTURED AT THE NAVAL ORDNANCE PLANT, YORK, THEREBY SIMPLIFYING AND STRENGTHENING THE FINANCING, ACCOUNTING, AND BUDGET ADMINISTRATION PROCEDURES.

MAJOR ADVANTAGES OF SUCH A FINANCING MEDIUM AS AN INDUSTRIAL FUND TO PLANT MANAGEMENT ARE:

1. PLANT MANAGEMENT AND OPERATING SUPERVISORS ARE BECOMING MORE COST CONSCIOUS, WHICH SHOULD RESULT IN INCREASED ECONOMY AND EFFICIENCY.

2. COMPARISONS OF ACTUAL VERSUS ESTIMATED COSTS ARE MADE AVAILABLE TO SUPERVISORS. ESTIMATED HOURS ALLOWED FOR EACH PROCESS IN THE PRODUCTION OF END PRODUCTS ARE CHECKED AGAINST THE ACTUAL HOURS REQUIRED; THIS INFORMATION IS MADE AVAILABLE TO VARIOUS LEVELS OF MANAGEMENT SO THAT DEFICIENCIES MAY BE CORRECTED. THIS SAME INFORMATION IS MADE AVAILABLE FOR PLANNING AND PRODUCTION METHODS PURPOSES IN ESTIMATING FUTURE PRODUCTION.

3. MONTHLY BUDGETS ARE PREPARED WHICH FORECAST COSTS OF PRODUCTION AND SALES BASED ON DELIVERIES OF COMPLETED END ITEMS. BUDGETS FOR PRODUCTION PRIOR TO INSTALLATION OF THE NAVY INDUSTRIAL FUND WERE BASED ON THE SCHEDULED WORK LOAD AND NOT ON DELIVERIES OF END ITEMS.

4. THE OVERHEAD RATES REMAIN COMPARATIVELY STEADY, WHICH WILL BE AN AID TO INTELLIGENT OPERATIONS PLANNING AND IN THE FURNISHING OF DATA FOR ESTIMATING COSTS OF FUTURE PRODUCTION.

5. STANDARDIZATION OF FUNCTIONS HAS RESULTED IN UNIFORMITY BETWEEN ACCOUNTING AND BUDGET WORK. ESTABLISHMENT OF AN ORGANIZATION FOR THE COMPTROLLER DEPARTMENT HAS MORE CLEARLY ENUNCIATED AND DELINEATED ACCOUNTING AND BUDGETING RESPONSIBILITIES.

6. PROCUREMENT OF MATERIAL FROM VENDORS HAS BEEN FACILITATED UNDER NAVY INDUSTRIAL FUND DUE TO THE CONSOLIDATION OF PURCHASES.

7. THERE HAS BEEN A REDUCTION OF APPROXIMATELY 10% IN THE NUMBER OF JOB ORDERS USED FOR PRODUCTION CONTROL.

8. THE COST CENTER CONCEPT, BY WHICH RELATED PRODUCTIVE COSTS ARE GROUPED, AND WHICH WAS INSTALLED AS A COMPONENT PART OF THE NAVY INDUSTRIAL FUND SYSTEM, PERMITS BUDGETS TO BE PREPARED FOR DIRECT RELATED COSTS BY SOURCE OF CHARGES. PREVIOUSLY, SUCH COSTS WERE BUDGETED FOR BY PLANT DEPARTMENT.

5. THE NAVY INDUSTRIAL FUND IS PROVIDING A TIMELY EFFECTIVE MEANS FOR CONTROLLING THE COST OF THE FIVE MANUFACTURING AT THE NAVAL DRYDOCK PLANT, ICHI, THEREBY SIMPLIFYING AND STRENGTHENING THE FINANCIAL ACCOUNTING, AND BUDGET ADMINISTRATION PROCEDURES.

MAJOR AUTOMATICS OF SUCH A FINANCING POLICY AS AN INDUSTRIAL FUND TO PLANT MANAGEMENT ARE:

1. PLANT MANAGEMENT AND OPERATING SUPERVISORS HAVE BECOMING MORE COST CONSCIOUS, WHICH SHOULD RESULT IN INCREASED ECONOMY AND EFFICIENCY.

2. COMPARISONS OF ACTUAL FIGURES ESTIMATED COSTS ARE MADE AVAILABLE TO SUPERVISORS. ESTIMATED COSTS ALLOWED FOR EACH PROCESS IN THE PRODUCTION OF EAC PRODUCTS ARE COMPARED AGAINST THE ACTUAL COSTS REQUIRED; THIS INFORMATION IS MADE AVAILABLE TO VARIOUS LEVELS OF MANAGEMENT SO THAT DEFICIENCIES MAY BE CORRECTED. THIS SAME INFORMATION IS MADE AVAILABLE FOR PLANNING AND PRODUCTION METHODS PURPOSES IN ESTIMATING FUTURE PRODUCTION.

3. MONTHLY BUDGETS ARE PREPARED WHICH FORECAST COSTS OF PRODUCTION AND SALES BASED ON ESTIMATES OF COMPLETED END ITEMS. REQUESTS FOR PRODUCTION PLANS TO INSTALLATION OF THE NAVY INDUSTRIAL FUND WERE BASED ON THE HONOLULU WORK LOAD AND NOT ON SPECIFIC END ITEMS.

4. THE PREVIOUS DATA SHOWS CONSIDERABLY LESSER, WHICH WILL BE AS LEN NO INTELLIGENT OPERATIONS PLANNING AND IN THE STANDARDIZING OF DATA FOR ESTIMATING COSTS OF FUTURE PRODUCTION.

5. STANDARDIZATION OF FUNCTIONS HAS RESULTED IN UNIFORMITY BETWEEN ACCOUNTING AND BUDGET WORK. ESTABLISHMENT OF AN ORGANIZATION FOR THE CHIEF-OFFICE DEPARTMENTS HAS DONE GENERALLY SPECIALIZED AND DELEGATED ACCOUNTING AND REPORTING RESPONSIBILITIES.

6. PROCUREMENT OF MATERIAL FROM VENDORS HAS BEEN FACILITATED WITH NAVY INDUSTRIAL FUND, DUE TO THE CONSOLIDATION OF PURCHASES.

7. THERE HAS BEEN A REDUCTION OF APPROXIMATELY 10% IN THE NUMBER OF JOB ORDERS USED FOR PRODUCTION CONTROL.

8. THE COST TRAINING CONCEPT, BY WHICH REALIZED PRODUCTIVE COSTS ARE RECORDED, AND WITH AND INTALLED AS A COMPONENT PART OF THE NAVY INDUSTRIAL FUND SYSTEM, PERMITS OBJECTS TO BE PREPARED FOR DIRECT RELATED COSTS OF SOURCE OF CHARGES. THEREFORE, SUCH COSTS MAY BE SUBJECTED TO BY PLANT DEPARTMENT.

9. The Navy Industrial Fund system provides more efficient means of controlling the costs of goods and services produced and establishes a more flexible means for financing budgeting, and accounting for such operations; eliminates entirely the many sources of funds previously used to finance industrial operations at the Naval Ordnance Plant, York.

10. Accounts are now kept on an accrual basis in accordance with generally accepted commercial principles. The elimination of the old cash basis and introduction of the accrual basis has resulted in the development of more factual fiscal data, and the simplification of cost accounting methods.

11. The Navy Industrial Fund tends to emphasize the requirements of local management for timely information concerning the operating costs by functions and focuses sharply attention to such costs according to the department and cost center.

It is understood that the Navy Industrial Fund installation at Naval Ordnance Plant, York has proved so successful, that it is being used as a guide by the Navy Comptroller and the Bureau in implementation of the Navy Industrial Fund at other activities under the management control of the Bureau of Ordnance.

Naval Ordnance Plant, Forest Park, Illinois - On 1 January 1953, the Navy Industrial Fund was installed at the Naval Ordnance Plant, Forest Park, Illinois. This was the second Bureau of Ordnance activity to operate under a working capital fund.

The productive operations at Naval Ordnance Plant, Forest Park are greater than at York. The government

9. The Navy Industrial Fund system provides more efficient means of controlling the costs of goods and services produced and establishes a sound financial basis for financing, budgeting, and accounting for such operations: eliminates entirely the many sources of funds previously used to finance industrial operations at the Naval Ordnance Plant, Iona.

10. Accounts are now kept on an accrual basis in accordance with generally accepted commercial principles. The elimination of the old cash basis and introduction of the accrual basis has resulted in the development of more factual fiscal data, and the simplification of cost accounting methods.

11. The Navy Industrial Fund tends to emphasize the requirements of local management for timely information concerning the operating costs by functions and focuses immediate attention to such costs according to the department and cost centers.

It is understood that the Navy Industrial Fund installation at Naval Ordnance Plant, Iona has proved so successful, that it is being used as a guide by the Navy Comptroller and the Bureau in implementation of the Navy Industrial Fund at other activities under the management control of the Bureau of Ordnance.

Naval Ordnance Plant, Forest Park, Illinois - On 1 January 1952, the Navy Industrial Fund was installed at the Naval Ordnance Plant, Forest Park, Illinois. This was the second Bureau of Ordnance activity to operate under a working capital fund.

The manufacturing operations at Naval Ordnance Plant Forest Park are based upon an agreement between the government

INVESTMENT OR PRINCIPAL OF THE NAVY INDUSTRIAL FUND AT FOREST PARK AS OF 30 JUNE WAS $8,500,000.

FOR EACH ACTIVITY OPERATED UNDER THE NAVY INDUSTRIAL FUND, AN OFFICIAL PUBLICATION OF THE OFFICE OF THE NAVY COMPTROLLER IS DEVELOPED FOR THE STATION TO PROVIDE AUTHORITATIVE ACCOUNTING, BUDGETING AND REPORTING PROCEDURES. THIS IS TITLED THE NAVY INDUSTRIAL FUND HANDBOOK.

THE PRINCIPAL FEATURES OF THE NAVY INDUSTRIAL FUND ACCOUNTING SYSTEM AS OUTLINED IN THE HANDBOOK ARE TO PROVIDE:[8]

1. FOR THE INTEGRITY OF THE "PROJECT CASH ACCOUNT" BY ENSURING REIMBURSEMENT FOR ALL WORK PERFORMED AND SERVICES RENDERED, AND CONTROLLING THE AMOUNT OF CASH TO BE INVESTED IN INVENTORIES AND WORK IN PROCESS.
2. FINANCIAL CONTROL OF COMMITMENTS, DISBURSEMENTS, REIMBURSEMENTS, COST DISTRIBUTIONS, AND TO PROVIDE OTHER AUTHORITY TO ACCEPT ENTRIES TO BE RECORDED IN THE ACCOUNTING SYSTEM.
3. FOR BUDGETS WHICH WILL PROVIDE MANAGEMENT WITH INFORMATION REQUIRED TO EXERCISE CONTROL IN THE FOLLOWING AREAS:
   A. CASH REQUIREMENTS;
   B. PRODUCTION COSTS; AND
   C. MANUFACTURING AND GENERAL AND ADMINISTRATIVE EXPENSES.
4. A SYSTEM OF ACCOUNTS, CONSISTING OF A GENERAL LEDGER, SUBSIDIARY LEDGERS, CASH RECEIPTS AND DISBURSEMENTS REGISTERS, PURCHASE AND SALES REGISTERS, AND BASIC JOURNAL ENTRIES TO PROVIDE:

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[8] U.S. DEPARTMENT OF THE NAVY (OFFICE OF THE COMPTROLLER), NAVAL ORDNANCE PLANT, FOREST PARK, ILLINOIS, NAVY INDUSTRIAL FUND HANDBOOK, PP. 1-4, 1-5.

INVESTMENT OF PRINCIPAL OF THE NAVY INDUSTRIAL FUND AT
FORMEST PARK AS OF 30 JUNE WAS $2,000,000.

FOR EACH ACTIVITY OPERATED UNDER THE NAVY INDUS-
TRIAL FUND, AN OFFICIAL PUBLICATION OF THE OFFICE OF THE
NAVY COMPTROLLER IS DEVELOPED FOR PUBLICATION TO PROVIDE
AUTHORITATIVE ACCOUNTING, REPORTING AND REPORTING PRO-
CEDURES. THIS IS TITLED THE NAVY INDUSTRIAL FUND MANUAL.

THE PRINCIPAL FEATURES OF THE NAVY INDUSTRIAL FUND
ACCOUNTING SYSTEM AS OUTLINED IN THE HANDBOOK ARE TO
PROVIDE:[6]

1. FOR THE INTEGRITY OF THE "PROJECT CASH AC-
COUNT" BY ENSURING REIMBURSEMENT FOR ALL WORK
PERFORMED AND SERVICES RENDERED, AND CONTROLLING
THE AMOUNT OF CASH TO BE INVESTED IN INVENTORIES
AND WORK IN PROCESS.
2. FINANCIAL CONTROL OF COMMITMENTS, DIS-
BURSEMENTS, REIMBURSEMENTS, COST DISTRIBUTIONS,
AND TO PROVIDE OTHER AUTHORITY TO ACCEPT ENTRIES
TO BE RECORDED IN THE ACCOUNTING SYSTEM.
3. THE BUDGETS WHICH WILL PROVIDE MANAGEMENT
WITH INFORMATION REQUIRED TO EXERCISE CONTROL IN
THE FOLLOWING AREAS:
A. GROSS REVENUE ELEMENTS;
B. PRODUCTION COSTS; AND
C. MANUFACTURING AND GENERAL AND ADMINISTRATIVE
EXPENSES.
4. A SYSTEM OF ACCOUNTS, CONSISTING OF A GENERAL
LEDGER, SUBSIDIARY LEDGERS, CASH RECEIPTS AND DIS-
BURSEMENTS REGISTERS, PURCHASE AND SALES REGISTERS,
AND BASIC JOURNAL ENTRIES TO PROVIDE:

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[6]. DEPARTMENT OF THE NAVY, OFFICE OF THE
COMPTROLLER, NAVAL COMPTROLLER'S MANUAL, FORMEST PARK, CALIF. 12,
NAVY INDUSTRIAL FUND MANUAL, P. 1-4, 1-5.

A. ADEQUATE AND READY DISCLOSURE OF THE FINANCIAL CONDITION AND OPERATING RESULTS OF NOP FOREST PARK;

B. ADEQUATE CONTROL OF FINANCIAL TRANSACTIONS AT THE SITE OF OPERATIONS;

C. EFFECTIVE MEANS FOR CONTROLLING THE LEVEL AND VALIDITY OF INVENTORIES, ACCOUNTS RECEIVABLE AND WORK IN PROGRESS;

D. AUTOMATIC AND INTERNAL SAFEGUARDS AGAINST CLERICAL ERRORS AND COLLUSION;

E. AN ACCRUAL BASIS FOR ACCUMULATING AND DISTRIBUTING COSTS ACCURATELY AND IN A SIMPLIFIED MANNER; AND

F. CONTROL OF COST ACCOUNTING BY MEANS OF THE GENERAL BOOKS.

5. CONTROL OF ACCOUNTING CLASSIFICATIONS AND FORMS.

OTHER NAVY INDUSTRIAL FUND ACTIVITIES - EARLY IN FISCAL YEAR 1954, THE NAVY INDUSTRIAL FUND WAS INSTALLED AT NAVAL POWDER FACTORY, INDIANHEAD, MARYLAND AND NAVAL ORDNANCE LABORATORY, CORONA, CALIFORNIA. THE NAVAL POWDER FACTORY IS PRIMARILY A MANUFACTURING ACTIVITY SIMILAR TO YORK AND FOREST PARK. NAVAL ORDNANCE LABORATORY, CORONA IS A RECENT ADDITION TO THE BUREAU OF ORDNANCE RESEARCH FIELD ACTIVITIES. IT IS UNDERSTOOD THAT THIS ACTIVITY WAS FORMERLY UNDER THE COGNIZANCE OF THE U.S. BUREAU OF STANDARDS, PERFORMING WORK FOR THE BUREAU. ALTHOUGH CORONA IS NOT A LARGE RESEARCH ACTIVITY COMPARED TO NAVAL ORDNANCE TEST STATION, INYOKERN, CALIFORNIA, AND NAVAL ORDNANCE LABORATORY, WHITE OAK, MARYLAND, IT IS INTERESTING TO NOTE

A. INSURANCE AND BENEFIT DISCLOSURE OF THE FINANCIAL SUPPORTING AND OPERATING RESULTS OF THE TO-KEEP FARM;

B. INTERNAL CONTROL OF FINANCIAL TRANSACTIONS AT THE SITE OF OPERATIONS;

C. EFFECTIVE BASIS FOR CONTROLLING THE INPUT AND VALIDITY OF INVENTORIES, ACCOUNTS RECEIVABLE AND WORK IN PROGRESS;

D. AUTOMATIC AND LIKE AL SAFEGUARDS AGAINST CLERICAL ERRORS AND COLLUSION;

E. AN ACCURAL BASIS FOR ACCUMULATING AND DISTRIBUTING COSTS ACCURATELY AND IN A SIMPLIFIED MANNER; AND

F. CONTROL OF COST ACCOUNTING BY A RATE OF THE GENERAL COSTS.

G. CONTROL OF ACCOUNTING CLASSIFICATIONS AND FORMS.

<u>NAVY INDUSTRIAL FUND ACTIVITIES</u> - EARLY IN FISCAL YEAR 1964, THE NAVY INDUSTRIAL FUND WAS INSTALLED AT NAVAL POWDER FACTORY, INDIANHEAD, MARYLAND AND NAVAL ORDNANCE LABORATORY, CORONA, CALIFORNIA. THE NAVAL POWDER FACTORY IS PRIMARILY A MANUFACTURING ACTIVITY SIMILAR TO YORK AND FOREST PARK. NAVAL ORDNANCE LABORATORY, CORONA IS A RECENT ADDITION TO THE NAVAL OF ORDNANCE RESEARCH FIELD ACTIVITIES. IT IS UNDERSTOOD THAT THIS ACTIVITY WAS PARTIALLY UNDER THE COGNIZANCE OF THE U.S. NAVAL OR STANDARDS, PERFORMING WORK FOR THE NAVAL. INFORMED DEEMS IS VOT A LARGE RESEARCH ACTIVITY CONNARED TO NAVAL ORDNANCE TEST STATION, INYOKERN, CALIFORNIA, AND NAVAL ORDNANCE LABORATORY, WHITE OAK, MARYLAND, IT IS INTERESTING TO NOTE

THAT THIS IS THE FIRST RESEARCH ACTIVITY UNDER THE MANAGEMENT CONTROL OF THE BUREAU TO HAVE THE NAVY INDUSTRIAL FUND INSTALLED.

FUTURE PLANS FOR NAVY INDUSTRIAL FUND - JULY 1, 1954 IS THE TARGET DATE FOR INSTALLATION OF THE NAVY INDUSTRIAL FUND AT THE NAVAL GUN FACTORY, WASHINGTON, D.C. WHICH IS THE BUREAU'S LARGEST FIELD ACTIVITY. A SURVEY IS NOW IN PROGRESS TO DETERMINE COST CENTERS AND TO WORK OUT OTHER DETAILS PRIOR TO THE INSTALLATION. BECAUSE OF THE VARIETY AND COMPLEXITY OF THE OPERATIONS AND THE LOGISTIC SUPPORT FURNISHED BY THE NAVAL GUN FACTORY TO MANY GOVERNMENT ACTIVITIES IN THE WASHINGTON AREA, THIS ACTIVITY OFFERS A CHALLENGE TO THE REPRESENTATIVES OF THE NAVY COMPTROLLER'S OFFICE, THE FINANCIAL DIVISION, BUREAU OF ORDNANCE, AND THE NAVAL GUN FACTORY, WORKING ON THE INSTALLATION.

THE BUREAU OF ORDNANCE PLANS TO CONTINUE IMPLEMENTATION OF THE NAVY INDUSTRIAL FUND AT OTHER COMMERCIAL TYPE ACTIVITIES. IT HAS BEEN MENTIONED THAT THE NAVAL ORDNANCE PLANT, INDIANAPOLIS WILL PROBABLY BE THE NEXT NAVY INDUSTRIAL FUND INSTALLATION AFTER THE NAVAL GUN FACTORY.

IT IS FELT THAT THE OFFICE OF THE NAVY COMPTROLLER AND BUREAU OF ORDNANCE ARE TO BE COMMENDED FOR THE REALISTIC

THAT THIS IS THE FIRST RESEARCH ACTIVITY UNDER THE MANAGEMENT CONTROL OF THE BUREAU TO MAKE THE NAVY INDUSTRIAL FUND INSTALLED.

FUTURE PLANS FOR NAVY INDUSTRIAL FUND - JULY 1.

LOOK TO THE TARGET DATE FOR INSTALLATION OF THE NAVY INDUSTRIAL FUND AT THE NAVAL GUN FACTORY, WASHINGTON, D.C. WHICH IS THE BUREAU'S LARGEST FIELD ACTIVITY. A SURVEY IS NOW IN PROGRESS TO DETERMINE COST CENTERS AND TO WORK OUT OTHER DETAILS PRIOR TO THE INSTALLATION. BECAUSE OF THE VARIETY AND COMPLEXITY OF THE OPERATIONS AND THE LOGISTIC SUPPORT PROVIDED BY THE NAVAL GUN FACTORY TO MANY GOVERNMENT ACTIVITIES IN THE WASHINGTON AREA, THIS ACTIVITY IMPOSES A CHALLENGE TO THE REPRESENTATIVES OF THE NAVY COMPTROLLER'S OFFICE, THE FINANCIAL DIRECTOR, BUREAU OF SHIPS, AND THE NAVAL GUN FACTORY, WORKING ON THE INSTALLATION.

THE BUREAU OF SHIPS PLANS TO CONTINUE INSTALLATION OF THE NAVY INDUSTRIAL FUND AT OTHER CONTINUING TYPE ACTIVITIES. IT HAS BEEN MENTIONED THAT THE NAVAL ORDNANCE PLANT, INDIANAPOLIS WILL PROBABLY BE THE NEXT NAVY INDUSTRIAL FUND INSTALLATION AFTER THE NAVAL GUN FACTORY.

IT IS HELD THAT THE OFFICE OF THE NAVY COMPTROLLER AND BUREAU OF ORDNANCE ARE TO BE COMMENDED FOR THE REALIZATION

APPROACH TAKEN IN THE INSTALLATION OF THE NAVY INDUSTRIAL FUND. CAREFUL PLANNING AND PREPARATION PRECEDES THE INSTALLATION. THE NEW INSTALLATION IS FUNCTIONING PROPERLY AND EFFICIENTLY UNDER THE NAVY INDUSTRIAL FUND PRIOR TO IMPLEMENTATION AT OTHER STATIONS.

CHAPTER V

BUDGET AND ACCOUNTING SYSTEM FOR MODIFIED INDUSTRIAL AND NON-INDUSTRIAL ACTIVITIES

Modified Industrial Activities - Most of the field activities under the management control of the Bureau of Ordnance are classified as modified industrial for accounting purposes. It is estimated that approximately eighty percent of Bureau of Ordnance funds granted to field activities, are assigned to modified industrial activities. All naval ammunition depots, all ordnance research activities, all ordnance plants, most of the miscellaneous activities, and one naval magazine are classified as modified industrial with the exception of those stations in which the Navy Industrial Fund has been installed.

Prior to 1 July 1951, there was no distribution of indirect costs or overhead to productive allotments or project orders at these activities. At that time, all indirect costs were absorbed by the station maintenance and operation allotments.

In May 1951, further accounting processes were developed for allocation of indirect costs to budget programs in consonance with the principles expressed in

CHAPTER 7

BUDGET AND ACCOUNTING SYSTEM FOR MODIFIED INDUSTRIAL AND NON-INDUSTRIAL ACTIVITIES

MODIFIED INDUSTRIAL ACTIVITIES - MOST OF THE FIELD ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE ARE CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES. IT IS ESTIMATED THAT APPROXIMATELY EIGHTY PERCENT OF BUREAU OF ORDNANCE FUNDS GRANTED TO FIELD ACTIVITIES, ARE ASSIGNED TO MODIFIED INDUSTRIAL ACTIVITIES. ALL NAVAL AMMUNITION DEPOTS, ALL ORDNANCE RESEARCH ACTIVITIES, ALL ORDNANCE PLANTS, MOST OF THE MISCELLANEOUS ACTIVITIES, AND ONE NAVAL MARINE ARE CLASSIFIED AS MODIFIED INDUSTRIAL WITH THE EXCEPTION OF THOSE STATIONS IN WHICH THE NAVY INDUSTRIAL FUND HAS BEEN INSTALLED.

PRIOR TO 1 JULY 1951, THERE WAS NO DISTRIBUTION OF INDIRECT COSTS BE OVERHEAD TO PRODUCTIVE ACCOUNTS ON PRODUCT ORDERS AT THESE ACTIVITIES. AT THAT TIME, ALL INDIRECT COSTS WERE ASSUMED BY THE STATION MAINTENANCE AND OPERATION ALLOTMENTS.

IN MAY 1951, FURTHER ACCOUNTING PROCEDURES WERE DEVELOPED FOR ALLOCATION OF INDIRECT COSTS TO ORDERS PROCURED IN CONFORMANCE WITH THE PRINCIPLES EXPRESSED IN

THE PERFORMANCE BUDGET CONCEPT.[9] THIS NEW PROCEDURE FOR COMPUTATION AND APPLICATION OF OVERHEAD WAS EFFECTIVE 1 JULY 1951. BY THIS SYSTEM, MOST OF THE INDIRECT COSTS SUCH AS ADMINISTRATIVE EXPENSES, MAINTENANCE AND UPKEEP EXPENSES, SECURITY AND FIRE PROTECTION EXPENSES, AND MANY OTHER INDIRECT COSTS NOT CONNECTED WITH PRODUCTIVE WORK, WERE DISTRIBUTED AS OVERHEAD ON A PERCENTAGE RATIO OF DIRECT LABOR COSTS TO INDIRECT EXPENSES.

THIS NEW SYSTEM MADE ALL STATIONS EXTREMELY CONSCIOUS OF THE OVERHEAD RATE WHICH WAS COMPUTED BY THE FOLLOWING FORMULA:

$$\frac{\text{DISTRIBUTABLE INDIRECT EXPENSES}}{\text{DIRECT LABOR EXPENSES}} = \text{OVERHEAD RATE}$$

THE INDIRECT EXPENSES WHICH IT WAS ESTIMATED WOULD BE REQUIRED TO MAINTAIN THE STATION EVEN THOUGH THERE WAS NO PRODUCTIVE WORK, WERE CLASSED AS NON-DISTRIBUTABLE AND CHARGED TO THE STATION MAINTENANCE AND OPERATION ALLOTMENT.

THE NEW SYSTEM, IN ADDITION TO STIMULATING COMPETITION BETWEEN ACTIVITIES TO REDUCE THE OVERHEAD RATES, PROMOTED ECONOMY AND EFFICIENCY AT ALL ECHELONS OF THE STATION OPERATIONS.

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[9] U.S. DEPARTMENT OF NAVY, BUREAU OF ORDNANCE LETTERS FI 1 DATED 14 MAY 1951.

THE PERFORMANCE BUDGET CONCEPT.[9] THIS NEW PROCEDURE WAS COMPUTATION AND APPLICATION OF OVERHEAD WAS EFFECTIVE 1 JULY 1951. BY THIS SYSTEM, MOST OF THE INDIRECT COSTS SUCH AS ADMINISTRATIVE EXPENSES, MAINTENANCE AND UPKEEP EXPENSES, SECURITY AND FIRE PROTECTION EXPENSES, AND MANY OTHER INDIRECT COSTS NOT CONNECTED WITH PRODUCTIVE WORK, WERE DISTRIBUTED AS OVERHEAD ON A PERCENTAGE RATIO OF DIRECT LABOR COSTS TO INDIRECT EXPENSES.

THIS NEW SYSTEM MADE ALL STATIONS EXTREMELY CONSCIOUS OF THE OVERHEAD RATE WHICH WAS COMPUTED BY THE FOLLOWING FORMULA:

$$\frac{\text{DISTRIBUTABLE INDIRECT EXPENSES}}{\text{DIRECT LABOR EXPENSES}} = \text{OVERHEAD RATE}$$

THE INDIRECT EXPENSES WHICH IT WAS ESTIMATED WOULD BE REQUIRED TO MAINTAIN THE STATION EVEN THOUGH THERE WAS NO PRODUCTIVE WORK, WERE CLASSED AS NON-DISTRIBUTABLE AND CHARGED TO THE STATION MAINTENANCE AND OPERATION ADJUSTMENT.

THE NEW SYSTEM, IN ADDITION TO STRUCTURING CONSTRUCTION BETWEEN ACTIVITIES TO REDUCE THE OVERHEAD RATE, PROMOTED ECONOMY AND EFFICIENCY AT ALL ECHELONS OF THE STATION OPERATIONS.

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[9] U.S. DEPARTMENT OF NAVY, BUREAU OF SHIPYARDS LETTER TO 1 DATED 14 MAY 1951.

The new overhead computation and application procedures were a major step in implementing improvements required by Title IV Amendments to the National Security Act of 1947.

In October 1951, a Bureau of Ordnance letter reiterated Section 3679, Revised Statutes as amended and outlined Navy policy concerning administration of appropriations.[10] This directive spelled out the responsibilities for proper administration of alloted funds and gave the penalties imposed for overobligation or overexpenditure of funds. This letter made the field activities very conscious of the need for control of funds to prevent overobligation.

A Bureau of Ordnance directive of 9 March 1953 promulgated instructions for the implementation of the Ordnance Establishment Budget and Reporting System, which embodies fundamental principles of bureau and field activity participation in financial management.[11] It is believed that this was the first time in recent years that the

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[10] U.S. Department of Navy, Bureau of Ordnance letter Fi 1, dated 4 October 1951.

[11] U.S. Department of Navy, NAVORD INSTRUCTION 7000.1 dated 9 March 1953.

THE NEW EXPANDED CONTRACTING AND APPLICABILITY PROCEDURES MADE A MAJOR STEP IN IMPLEMENTING IMPROVEMENTS REQUIRED BY TITLE IV AMENDMENTS TO THE NATIONAL SECURITY ACT OF 1947.

IN OCTOBER 1951, A PROCEDURE OF CONTRACTS LISTED RESTRICTED SECTION 4(c). REVISED STATUTES AS AMENDED AND OUTLINED NAVY POLICY CONCERNING ADMINISTRATION OF APPROPRIATIONS.[10] THIS DIRECTIVE SPELLED OUT THE RESPONSIBILITIES FOR PROPER ADMINISTRATION OF ALLOTED FUNDS AND NAMED THE PENALTIES IMPOSED FOR OVEROBLIGATION OR VIOLATIONS OF FUNDS. THIS LETTER MADE THE FIELD ACTIVITIES VERY CONCERNED OF THE NEED FOR CONTROL OF FUNDS TO PREVENT OVEROBLIGATION.

A PERIOD OF ORDNANCE DIRECTIVE OF 5 MARCH 1952 PROMULGATED INSTRUCTIONS FOR THE IMPLEMENTATION OF THE ENGINEER ESTABLISHMENT BUDGET AND REPORTING SYSTEM, WHICH EMBODIED FUNDAMENTAL PRINCIPLES OF CONTROL AND FIELD ACTIVE PARTICIPATION IN FINANCIAL MANAGEMENT.[11] IT IS BELIEVED THAT THIS WAS THE FIRST TIME IN RECENT YEARS THAT THE

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10 U.S. DEPARTMENT OF NAVY, BUREAU OF ORDNANCE LETTER FT 1 DATED 4 OCTOBER 1951.

11 U.S. DEPARTMENT OF NAVY, BUREAU INSTRUCTION 7000.1 DATED 5 MARCH 1952.

BUREAU HAD REQUESTED THE FIELD ACTIVITIES TO SUBMIT AN ANNUAL BUDGET FOR THE FISCAL YEAR. HERETOFORE, PRACTICALLY ALL BUDGET PLANNING FOR THE FIELD ACTIVITIES WAS PERFORMED BY THE BUREAU. THE SUBJECT OF THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM WILL BE COVERED IN MORE DETAIL IN THE NEXT CHAPTER.

NON-INDUSTRIAL ACTIVITIES - THERE ARE MANY SMALLER ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE WHICH ARE CLASSIFIED AS NON-INDUSTRIAL FOR ACCOUNTING PURPOSES. NAVAL DEGAUSSING STATIONS, NAVAL NET DEPOTS, AND SMALL NAVAL RESEARCH UNITS ARE TYPICAL OF ACTIVITIES IN THIS CATEGORY. USUALLY ONE MAJOR ALLOTMENT, SUCH AS THE STATION MAINTENANCE AND OPERATION ALLOTMENT, FINANCES ALL EXPENSES AT THESE ACTIVITIES. ALSO, THESE ACTIVITIES ARE USUALLY LOCATED AT A NAVAL BASE WHERE THE MAJOR ACTIVITY RENDERS ACCOUNTING SERVICES AND OTHER LOGISTIC SUPPORT. HOWEVER, THE OFFICER IN CHARGE OF THE STATION OR UNIT IS STILL RESPONSIBLE FOR BUDGETARY CONTROL OF FUNDS, INCLUDING RESPONSIBILITY FOR ANY OVEROBLIGATION OF FUNDS. A VERY SMALL PERCENTAGE OF THE BUREAU OF ORDNANCE FUNDS GRANTED TO THE FIELD ACTIVITIES ARE ALLOCATED TO NON-INDUSTRIAL STATIONS.

BUREAU HAD REQUESTED THE FIELD ACTIVITIES TO SUBMIT AN ANNUAL BUDGET FOR THE FISCAL YEAR. HEREFTOFORE, PRACTICAL ALL BUDGET PLANNING FOR THE FIELD ACTIVITIES WAS PRESCRIBED BY THE BUREAU. THE SUBJECT OF THE ORDNANCE ESTABLISHMENT BUDGET AND APPROPRIATING SYSTEM WILL BE COVERED IN MORE DETAIL IN THE NEXT CHAPTER.

NON-INDUSTRIAL ACTIVITIES - THERE ARE MANY SMALLER ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE WHICH ARE CLASSIFIED AS NON-INDUSTRIAL FOR ACCOUNTING PURPOSES. NAVAL DEGAUSSING STATIONS, NAVAL PET DEPOTS, AND SMALL NAVAL RESEARCH UNITS ARE TYPICAL OF ACTIVITIES IN THIS CATEGORY. USUALLY ONE FUND ALLOTMENT, SUCH AS THE STATION MAINTENANCE AND OPERATION ALLOTMENT, FINANCES ALL EXPENSES AT THESE ACTIVITIES. ALSO, THESE ACTIVITIES ARE GENERALLY LOCATED AT A NAVAL BASE WHERE THE MAJOR ACTIVITY RENDERS ACCOUNTING SERVICES AND OTHER LOGISTIC SUPPORT. HOWEVER, THE OFFICER IN CHARGE OF THE STATION OR UNIT IS STILL RESPONSIBLE FOR SUBSTANTIAL CONTROL OF FUNDS, INCLUDING RESPONSIBILITY FOR ANY OVEROBLIGATION OF FUNDS. A VERY SMALL PROCURATIS OF THE BUREAU OF ORDNANCE FUNDS GRANTED TO THE FIELD ACTIVITIES ARE ALLOCATED TO NON-INDUSTRIAL STATIONS.

CHAPTER VI

THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM

IMPLEMENTATION OF ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM -- IN A DIRECTIVE ISSUED ON 13 MARCH, 1953 THE BUREAU OF ORDNANCE ESTABLISHED THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM.[12] THIS NEW SYSTEM, WHICH WAS A MAJOR CHANGE IN THE BUDGET RELATIONSHIP BETWEEN THE BUREAU AND THE FIELD ACTIVITIES, WAS APPLICABLE TO ALL FIELD ESTABLISHMENTS OF THE BUREAU WHERE FORMALIZED BUDGET OPERATIONS WERE IN EFFECT, NAMELY, ALL MODIFIED INDUSTRIAL ACTIVITIES AND NAVY INDUSTRIAL FUND ACTIVITIES.

AT THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM SEMINAR CONDUCTED BY THE BUREAU OF ORDNANCE ON 26-27 MARCH 1953, CAPTAIN F. R. PUTMAN, USN, HEAD OF THE SHORE ESTABLISHMENTS DIVISION, SAID:[13]

> THE UNIFORM BUDGET AND REPORTING SYSTEM SHOULD GIVE US THE FOLLOWING IMPROVEMENTS: THE FACTUAL DATA TO SUPPORT OUR REQUESTS FOR FUNDS, AND IMPROVED LIAISON BETWEEN SHORE ESTABLISHMENTS AND THE BUREAU. THIS IMPROVED SYSTEM IS NOT A TIME SAVER OR A LABOR SAVER AT EITHER THE STATION OR THE BUREAU. BUT IT IS THE BEST METHOD THAT HAS YET BEEN DEVISED OF COLLECTING THE DETAILED AND FACTUAL DATA REQUIRED TO PRESENT TO CONGRESS A REASONABLE AND JUSTIFIABLE ESTIMATE TO GIVE US THE FUNDS TO KEEP OUR ORGANIZATION AS IT SHOULD.

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[12] U.S. DEPARTMENT OF NAVY. BUREAU OF ORDNANCE NAV ORD INSTRUCTION 7100.1 DATED 13 MARCH 1953.

[13] U.S. DEPARTMENT OF NAVY, BUREAU OF ORDNANCE, TRANSCRIPT OF PROCEEDINGS, ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM SEMINAR P. 18

CHAPTER VI

THE BUREAU'S ESTABLISHMENT BUDGET AND ACCOUNTING SYSTEM

IMPLEMENTATION OF ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM

-- IN A DIRECTIVE ISSUED ON 26 MARCH 1903 WHEN BUREAU OF ORDNANCE ESTABLISHED THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM.[15] THIS NEW SYSTEM, WHICH WAS A MAJOR CHANGE IN THE BUDGET RELATIONSHIP BETWEEN THE BUREAU AND THE FIELD ACTIVITIES, WAS APPLICABLE TO ALL FIELD ESTABLISHMENTS OF THE BUREAU WHERE CONSOLIDATED BUDGET OPERATIONS WERE IN EFFECT, NAMELY, ALL NAVAL INDUSTRIAL ACTIVITIES AND NAVY INDUSTRIAL FUND ACTIVITIES.

IN THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM BEHIND CONDUCTED BY THE BUREAU OF ORDNANCE ON 26-27 MARCH 1903, COMMAND F. H. CHAMAN, USN, HEAD OF THE CHOCS ESTABLISHMENTS DIVISION, SAID:[15]

THE UNIFORM BUDGET AND REPORTING SYSTEM SHOULD GIVE US THE FOLLOWING IMPROVEMENTS: THE ACTUAL DATA TO SUPPORT THE BUDGETS FOR YARDS, AND IMPROVED LIAISON BETWEEN CHOCS ESTABLISHMENTS AND THE BUREAU. THIS IMPROVED SYSTEM IS NOT A VITAL SAVER OR A LABOR SAVER BY EITHER THE STATION OR THE BUREAU. BUT IT IS THE BEST METHOD THAT HAS YET BEEN DEVISED OF COLLECTING THE DETAILED AND ACCURATE DATA REQUIRED TO PRESENT TO CONGRESS A REASONABLE AND JUSTIFIABLE ESTIMATE TO GIVE US THE FUNDS TO KEEP OUR ORDNANCE FLOW AS IT SHOULD.

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15. U. S. DEPARTMENT OF NAVY, BUREAU OF ORDNANCE, MAT [illegible] DATED 16 MARCH 1903.

16. U. S. DEPARTMENT OF NAVY, BUREAU OF ORDNANCE, MANAGEMENT OF ORDNANCE ESTABLISHMENT BUDGET AND REPORTING

THE BUDGET AND REPORTING SYSTEM CONSISTS OF TWO DISTINCT BUT CLOSELY RELATED REQUIREMENTS; THE DEVELOPMENT OF AN ANNUAL STATION BUDGET, AND THE QUARTERLY REPORTING OF PROGRESS UNDER, AND REVISIONS TO, THE ANNUAL BUDGET.

THE ANNUAL BUDGET IS BROKEN DOWN INTO FOUR MAJOR COMPONENTS; THE DIRECT COSTS BUDGET, THE INDIRECT COSTS BUDGET, THE PERSONNEL BUDGET, AND THE CAPITAL BUDGET. QUARTERLY PROGRESS REPORTS ARE REQUIRED FOR EACH OF THE ANNUAL BUDGET COMPONENTS.

OBJECTIVES -- THE OBJECTIVES OF THE BUDGET AND REPORTING SYSTEM AS STATED IN NAV ORD INSTRUCTION 7100.1 ARE AS FOLLOWS:[14]

1. IMPROVED MANAGEMENT BY A STATION OF ITS ACTIVITIES BY ENABLING THE STATION BETTER TO:
   A. PLAN ITS PROGRAMS AND TO EXPRESS THOSE PLANS IN ANNUAL AND QUARTERLY BUDGET PRESENTATIONS TO THE BUREAU, MAKING KNOWN ITS EVALUATION OF ITS WORKLOAD CAPACITIES AND ITS REQUIREMENTS IN TERMS OF PERSONNEL, FACILITIES, AND KINDS OF WORK;
   B. CONTROL ITS FUNDS, MANPOWER AND FACILITIES USAGE UNDER AN ANNUAL APPROVED PLAN OF OPERATIONS; AND
   C. EVALUATE AND REPORT PROGRESS IN THE ACCOMPLISHMENT OF THAT PLAN.

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[14] U.S. DEPARTMENT OF NAVY, BUREAU OF ORDNANCE, NAV ORD INSTRUCTION 7100.1 DATED 13 MARCH 1953.

THE BUDGET AND ACCOUNTING SYSTEM CONSISTS OF TWO DISTINCT BUT CLOSELY RELATED ELEMENTS: THE DEVELOPMENT OF AN ANNUAL STATION BUDGET, AND THE QUARTERLY REPORTING PROGRESS GAINED, AND REVISIONS TO, THE ANNUAL BUDGET.

THE ANNUAL BUDGET IS BROKEN DOWN INTO FOUR MAJOR COMPONENTS: THE DIRECT COSTS BUDGET, THE INDIRECT COSTS BUDGET, THE PERSONNEL BUDGET, AND THE CAPITAL BUDGET. QUARTERLY PROGRESS REPORTS ARE REQUIRED FOR EACH OF THE ANNUAL BUDGET COMPONENTS.

DELIVERIES -- THE OBJECTIVES OF THE BUDGET AND REPORTING SYSTEM AS STATED IN JAY LEO INSTRUCTION 7100.1 ARE AS FOLLOWS:[14]

"1. IMPROVED MANAGEMENT BY A STATION OF ITS ACTIVITIES BY ENABLING THE STATION BETTER TO:
A. PLAN ITS PROGRAMS AND TO EXPRESS THOSE PLANS IN ANNUAL AND QUARTERLY BUDGET PRESENTATIONS TO THE BUREAU, MAKING KNOWN ITS EVALUATION OF ITS MONITORED CAPACITIES AND ITS REQUIREMENTS IN TERMS OF PERSONNEL, FACILITIES, AND KINDS OF WORK;
B. CONTROL ITS FUNDS, MANPOWER AND FACILITIES USAGE UNDER AN ANNUAL APPROVED PLAN OF OPERATIONS; AND
C. EVALUATE AND REPORT PROGRESS IN THE ACCOMPLISHMENT OF THAT PLAN.

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[14] U.S. DEPARTMENT OF NAVY, BUREAU OF SHIPS, JAY LEO INSTRUCTION 7100.1 DATED 15 MARCH 1965.

2. Improved management by the Bureau of its field stations by permitting systematic, regular and timely review of workload, obligation rates, distribution of personnel, overhead, and other indices of the stations' operations in order to achieve maximum utilization of field stations in the accomplishment of Bureau objectives.

3. Improved continuity in the management of the stations and of the Bureau.

4. Enhanced role for the stations in the participation of the Bureau's planning and budget preparation.

5. Improved lines of communication between the stations and the Bureau divisions.

Responsibilities of Station and Bureau -- The three major steps in the station Budgeting and Reporting Plan are:

1. Development of Estimates
2. Budget Preparation and Reporting
3. Budgetary Execution and Control.

An outline chart prepared by the Deputy Comptroller of the Bureau of Ordnance for the Ordnance Establishment Budget and Reporting System Seminar, clearly demonstrates the steps to be followed in the Budget and Reporting System. The chart, pointing out the bureau's and station's responsibilities, the deadline for estimates, progress reports, and other features of the new system is as follows:[15]

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[15] E. S. Tilley, Deputy Comptroller, Bureau of Ordnance, U.S. Department of Navy, Unpublished chart of steps in the station's Budgeting and Reporting System.

3. IMPROVED MANAGEMENT BY THE BUREAU OF THE FIELD STATIONS BY ESTABLISHING SYSTEMATIC, REGULAR AND FREQUENT REVIEW OF WORKLOAD, POPULATION RATES, DISTRIBUTION OF PERSONNEL, OVERHEAD, AND OTHER INDICES OF THE STATIONS' OPERATIONS IN ORDER TO ACHIEVE MAXIMUM UTILIZATION OF FIELD STATIONS IN THE ACCOMPLISHMENT OF BUREAU OBJECTIVES.

4. IMPROVED CONFIDENTIALITY IN THE MANAGEMENT OF THE STATIONS AND OF THE BUREAU.

5. IMPROVED ROLE FOR THE STATIONS IN THE PARTICIPATION BY THE BUREAU'S PLANNING AND BUDGET PREPARATION.

6. IMPROVED LINES OF COMMUNICATION BETWEEN THE STATIONS AND THE BUREAU DIVISIONS.

RESPONSIBILITIES OF STATION AND BUREAU -- THE FOUR MAJOR STEPS IN THE STATION PROGRAMMING AND REPORTING CYCLE ARE:

1. Development of Estimates
2. Budget Preparation and Reporting
3. Budgetary Execution and Control.

AN OUTLINE CHART PREPARED BY THE DEPUTY CONTROLLER OF THE BUREAU OF CONDUCT AND THE ADVANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM SHOWING, CLEARLY DEMONSTRATES THE STEPS TO BE FOLLOWED IN THE BUDGET AND REPORTING STEPS. THE CHART, POINTING OUT THE BUREAU'S AND STATION'S RESPONSIBILITIES, THE DEADLINES FOR ESTIMATES, PROGRESS REPORTS, AND OTHER FEATURES OF THE NEW SYSTEM IS AS FOLLOWS:[15]

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[15]. B. Tiller, Deputy Controller, Bureau of Conduct, Department of Navy, Depicting chart of steps in the station's budgeting and reporting system.

STATION BUDGETING AND REPORTING PLAN

DEVELOPMENT OF ESTIMATE
(1)

A. PROGRAM KNOWLEDGE
   1. BuOrd TELLS PLANS TO STATIONS
   2. STATION REQUESTS
      a. BY PROJECTS
      b. BY WORK AREAS

B. COMMAND PLANNING
   1. WORKLOAD DETERMINATION
      a. AMOUNTS.
      b. KINDS.
      c. STATION LABOR vs. CONTRACTUAL.
      d. PRODUCTION SCHEDULING.
      e. JOB ORDER PLANNING
   2. PERSONNEL REQUIREMENTS
      a. DIRECT vs. INDIRECT RATIO
      b. IVb - NON IVv RATIO
      c. OVERTIME POLICY
      d. LEAVE POLICY
      e. EMPLOYMENT FACTORS
         (E.G. HOUSING)
   3. FUND REQUIREMENTS
      a. NEW FINANCING
      b. CARRY OVER
   4. PLANS FOR PLANT UTILIZATION
   5. DISTRIBUTION OF WORKLOAD AND PERSONNEL AMONG MAJOR ORGANIZATIONAL UNITS.
   6. DEVELOPMENT AND USE OF COST CENTERS.
      a. OVERHEAD RATES

C. BUDGET PROCEDURES.
   1. ASSIGNMENT OF BUDGET RESPONSIBILITIES
   2. SCHEDULING AND PHASING OF ESTIMATES.
   3. INTERDEPARTMENT LIAISON.
   4. REVIEWS
      a. DEPARTMENTAL
      b. COMMAND

STATUS QUO PLAN AND PROMOTION LAW

DEVELOPMENT OF ESTIMATES
(1)

4. COMMON EXPENSES
   1. FUND TITLE PLANS TO STANDARDS
   2. TRAVEL ACCOUNTS
      A. BY AGENCIES
      B. BY WORK AREAS

5. COMMON PLANNING
   1. [illegible] DETERMINATION
      A. AMOUNTS.
      B. AIMS.
      C. STATION LABOR VS. CONTRACTORAL.
      D. PRODUCTION SCHEDULING.
      E. JOB UNDER PLANNING
   3. PERSONNEL REQUIREMENTS
      A. DIRECT VS. INDIRECT RATIO
      B. IVR - SON IVY RATIO
      C. INCENTIVE POLICY
      D. LEAVE POLICY
      E. EMPLOYMENT ACTIONS
         (E.G. HOUSING)
   3. FUND REQUIREMENTS
      A. NEW PROJECTS
      . READY CUPR
   4. PLANS FOR PLANT UTILIZATION
   5. DISTRIBUTION OF ROYALTY AND PERSONNEL
      AMONG LABOR ORGANIZATIONAL UNITS.
   6. DEVELOPMENT AND USE OF JOST CENTERS.
      A. CONTROLLED RATES

7. BUDGET ACCOUNTS.
   1. ESTABLISHMENT OF BUDGET RESPONSIBILITIES
   2. CONSOLIDATE AND PRACTICE OF ESTIMATES.
   3. INTERDEPARTMENT LIAISON.
   4. REVIEWS
      A. DEPARTMENTAL
      B. COMMAND

Budget Presentation and Reporting
(2)

A. Presentation.
   1. Department to Command (Mar.-Apr.)
   2. Station to Bureau. (By April 30th)
   3. Bureau Review and Mark-Up (Prior to 1 July)

B. Quarterly Reporting.
   1. Performance and Progress
   2. Station Proposals on Revisions of Annual Budget

Execution and Control
(3)

A. Review by Station of Internal Management Reports.
   1. Eliminate and/or Supplement

B. Review and Development of Control Procedures
   1. By Expenditure Authorization or by Job Order
   2. Function vs. Station Department.
   3. By Allocations to 1 and 2 above.

C. Obligation and Expenditure Accounting System
   1. Coordinate with Budget System

D. Budget Analysis

E. Organization
   1. Delegation of Authority
   2. Budget Officer
   3. Comptroller
      a. Functions
      b. Personnel
      c. Work Measurement
      d. Budget
      e. Statistical Reporting

BUDGET PRESENTATION AND
REPORTING
(2)

A. PRESENTATION.
1. DEPARTMENT TO COMMAND
(JAN.-APR.)
2. STATION TO BUREAU.
(1 APRIL 1079)
3. BUREAU REVIEW AND MARK-UP
(PRIOR TO 1 JULY)

B. QUARTERLY REPORTING.
1. PERFORMANCE AND PROGRESS
2. STATION PROPOSALS ON REVISIONS OF ANNUAL BUDGET

EXECUTION AND CONTROL
(3)

A. REVIEW BY STATION & INTERNAL MANAGEMENT REPORTS
1. ELIMINATE AND/OR SUPPLEMENT

B. REVIEW AND DEVELOPMENT OF CONTROL PROCEDURES
1. BY EXPENDITURE AUTHORIZATION OR BY JOB ORDER
2. FUNCTION VS. STATION DEPARTMENT.
3. BY ALLOCATIONS TO 1 AND 2 ABOVE.

C. OBLIGATION AND EXPENDITURES
ACCOUNTING SYSTEM
1. COORDINATE WITH BUDGET SYSTEM

D. BUDGET ANALYSIS

E. PROVISIONING
1. DELEGATION OF AUTHORITY
2. BUDGET OFFICER
3. CONTROLLER
A. FUNCTIONS
B. PERSONNEL
C. WORK DEVELOPMENT
D. BUDGET
E. STATISTICAL REPORTING

THE DIRECT BUDGET -- THE EXPENDITURE AUTHORIZATIONS, ALLOTMENTS AND PROJECT ORDERS ISSUED TO THE FIELD ACTIVITIES ARE THE BASIS FOR THE DIRECT BUDGET. AN EXCEPTION TO THIS IS THAT RESEARCH AND DEVELOPMENT ESTIMATES ARE GEARED TO TASK ASSIGNMENTS AND THE NAVY RESEARCH AND DEVELOPMENT BOARD OBJECTIVES ON SUMMARY BASES.

THE FOUR MAJOR CATEGORIES OF ESTIMATES INCLUDED IN THE DIRECT BUDGET ARE AS FOLLOWS:[16]

> THE FIRST, AND MOST SIGNIFICANT, WILL INCLUDE ESTIMATES FOR DIRECT WORK FINANCED FROM THE APPROPRIATION, ORDNANCE AND FACILITIES, NAVY, SUMMARIZED TO SUPPORTING SUBHEADS, OR ACTIVITIES. THESE INCLUDE SUBHEADS .10 FOR RESEARCH AND DEVELOPMENT, .12 FOR NAVAL RESERVE, .13 FOR INDUSTRIAL MOBILIZATION, .28 FOR MAINTENANCE OF ORDNANCE AND AMMUNITION, .33 FOR PROCUREMENT OF ORDNANCE AND AMMUNITION.
>
> THE SECOND CATEGORY OF ESTIMATES IS THAT EMBRACING WORK FINANCED FROM OTHER BUORD APPROPRIATIONS SUPPORTING DIRECT WORK AT THE STATIONS. INCLUDED AT PRESENT ARE: OSCN, ONC, CARPN (UNDER BUORD COGNIZANCE), AND PMPN.
>
> THE THIRD CATEGORY OF ESTIMATES IS THAT EMBRACING WORK FINANCED FROM OTHER BUREAU AND OTHER AGENCY FUNDS SUCH AS ONR AND BUAER APPROPRIATIONS AND AIR FORCE, ARMY FUNDS.
>
> THE FOURTH AND LAST CATEGORY OF ESTIMATES IS THAT EMBRACING WORK FINANCED BY NON-FEDERALLY-APPROPRIATED FUNDS, I.E., FROM PRIVATE PARTIES AND LOCAL OR STATE GOVERNMENTS. THIS CATEGORY WILL BE RELATIVELY INSIGNIFICANT, IF EXISTING AT ALL, AT MANY STATIONS. IT IS IMPORTANT TO INCLUDE IT, HOWEVER, SINCE THE STATIONS' TOTAL DIRECT WORKLOAD SHOULD BE ACCOUNTED FOR.

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[16] U.S. DEPARTMENT OF NAVY, BUREAU OF ORDNANCE, TRANSCRIPT OF PROCEEDINGS, ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM SEMINAR, P. 87

[illegible] — The [illegible] [illegible]-[illegible] [illegible] [illegible] [

Illustrations of NAVORD Forms 2273, 2274 and 2275 are shown on pages 55, 56, and 57. These are the forms used in submission of the direct budget for subhead .10, Research and Development Budget Activity, under the Appropriation: Ordnance and Facilities, Navy. Note that the estimates are geared to task assignments and the Navy Research and Development Board technical objectives.

Direct budget estimate for the other budget activities Maintenance of Ordnance and Ammunition (subhead .28) and Procurement of Ordnance and Ammunition (subheads .33 and .34) are submitted on NavOrd Forms 2276 and 2277 which are shown on pages 58 and 59. These forms are used in the direct budget prepared by the Naval Ammunition Depots, Naval Ordnance Plants and all other activities granted allotments or project orders under subheads .28, .33, and .34.

As a general rule, all expenditure authorizations in the direct budget are subject to the application of overhead expenses.

<u>Indirect Budget</u> -- The indirect budget portion is concerned with those elements of station operations which are classed as indirect costs or overhead operations.

ILLUSTRATIONS OF ALTERED FORMS 2272, 2274 AND 2275 ARE SHOWN ON PAGES 37, 38, AND 47. LINES ARE THE FORMS USED IN SUBMISSION OF THE DIRECT BUDGET FOR ENGINEERING RESEARCH AND DEVELOPMENT BUDGET ACTIVITY, UNDER THE APPROPRIATION: ORDNANCE AND ROCKETRY, NAVY. NOTE THAT THE ESTIMATES ARE GIVEN TO TWO ADDITIONALS AND THE NAVY RESEARCH AND DEVELOPMENT CHART TECHNICAL OBJECTIVES.

DIRECT BUDGET ESTIMATE FOR THE OTHER BUDGET ACTIVITIES CONTEMPLATE OF ORDNANCE AND AMMUNITION (PUBLICAD 2.0. AND PROCUREMENT OF ORDNANCE AND AMMUNITION (PUBLICADS .42. AND .44) ARE SUBMITTED ON NAVAL FORMS 2272 AND 2273 WHICH ARE SHOWN ON PAGES 38 AND 39. THESE FORMS ARE USED IN THE DIRECT BUDGET ESTIMATES OF THE NAVAL AMMUNITION DEPOTS NAVAL ORDNANCE PLANTS AND ALL OTHER ACTIVITIES GRANTED ALLOTMENTS ON PROJECT ORDERS UNDER PUBLICADS .20, .22, AND .24.

AS A GENERAL RULE, ALL EXPENDITURE AUTHORIZATIONS IN THE DIRECT BUDGET ARE SUBJECT TO THE APPLICATION OF OVERHEAD EXPENSES.

INDIRECT BUDGET -- THE INDIRECT BUDGET PORTION IS CONCERNED WITH THOSE ELEMENTS OF STATION OPERATIONS WHICH ARE COLLECTED AS INDIRECT COSTS ON SUBSIDIZED OPERATIONS.

NAVORD FORM 2273(Rev 8-75)

SECURITY INFORMATION

DEPARTMENT OF THE NAVY BUREAU OF ORDNANCE

BUDGET ESTIMATES FOR RESEARCH AND DEVELOPMENT PROJECT _____

Station _____

Schedule No. _____
Technical Objective _____
Supporting Project Orders: _____

CY = Fiscal Year 19__
BY = " " 19__
BY+1 = " " 19__
BY+2 = " " 19__
PY = " " 19__

ESTIMATED FISCAL YEAR OBLIGATIONS AND MAN-YEARS OF EFFORT BY COMPONENT TASK ASSIGNMENT

COST COMPONENT	PROJECT TOTALS				Task Assignment No. _____ Title _____ Official Completion Date: _____				Task Assignment No. _____ Title _____ Official Completion Date: _____				Task Assignment No. _____ Title _____ Official Completion Date: _____				Task Assignment No. _____ Title _____ Official Completion Date: _____				Task Assignment No. _____ Title _____ Official Completion Date: _____			
	PY(Actual)	CY	BY	BY+1	PY(Actual)	CY	BY	BY+1	PY(Actual)	CY	BY	BY+1	PY(Actual)	CY	BY	BY+1	PY(Actual)	CY	BY	BY+1	PY(Actual)	CY	BY	BY+1
Man Years																								
Direct Labor	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Materials and Supplies																								
Contracts																								
Equipment																								
Overhead																								
Total	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$

INDICATED FUND AVAILABILITY

1. Estimated Unobligated Balance, 1 July BY $_____ $_____ $_____ $_____ $_____ $_____
2. Support Planned by Bureau for BY $_____
3. Total Indicated Fund Availability in BY (Line 1. plus Line 2.) $_____
4. Indicated Carryover (or Deficiency) into BY+1 (Col. BY total minus Line 3.) $_____
5. Support Planned by Bureau for BY+1 $_____
6. Indicated Carryover (or Deficiency) into BY+2 (Col. BY+1 total plus or minus Line 4. minus Line 5.) $_____

EXPLANATORY REMARKS:

Prepared by _____ Date _____
Approved by _____ Date _____

D48796

SECTION I - PROGRAM 1

NAVORD FORM 3924(Rev 2-53)

SECURITY INFORMATION

DEPARTMENT OF THE NAVY-BUREAU OF ORDNANCE

SUMMARY OF BUDGET ESTIMATES FOR RESEARCH AND DEVELOPMENT PLANNING OBJECTIVE _____

Station _____

Schedule No. _____

CY = Fiscal Year 19__
BY = " " 19__
BY+1 = " " 19__
BY+2 = " " 19__
PY = " " 19__

SUMMARY OF ESTIMATED FISCAL YEAR OBLIGATIONS AND MAN-YEARS OF EFFORT BY COMPONENT TECHNICAL OBJECTIVE

COST COMPONENT	PLANNING OBJECTIVE TOTALS				Technical Objective _____ Summary of Component Project Estimates Ref: Schedule Nos. _____				Technical Objective _____ Summary of Component Project Estimates Ref: Schedule Nos. _____				Technical Objective _____ Summary of Component Project Estimates Ref: Schedule Nos. _____				Technical Objective _____ Summary of Component Project Estimates Ref: Schedule Nos. _____				Technical Objective _____ Summary of Component Project Estimates Ref: Schedule Nos. _____			
	PY(Actual)	CY	BY	BY +1	PY(Actual)	CY	BY	BY+1	PY(Actual)	CY	BY	BY+1	PY(Actual)	CY	BY	BY+1	PY(Actual)	CY	BY	BY+1	PY(Actual)	CY	BY	BY+1
Man Years																								
Direct Labor	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Materials and Supplies																								
Contracts																								
Equipment																								
Overhead																								
Total	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$

INDICATED FUND AVAILABILITY

1. Estimated unobligated Balance, 1 July BY

Project Order or Allotment	Appropriation	Amount
		$_____
		$_____
		$_____
	Total	$_____

2. Support Planned by Bureau for BY	$_____	$_____	$_____	$_____	$_____
3. Total Indicated Fund Availability in BY (Line 1, total plus Line 2.)	$_____	$_____	$_____	$_____	$_____
4. Indicated Carryover (or Deficiency) into BY+1 (Col. BY total minus Line 3.)	$_____	$_____	$_____	$_____	$_____
5. Support Planned by Bureau for BY+1	$_____	$_____	$_____	$_____	$_____
6. Indicated Carryover (or Deficiency) into BY+2 (Col. BY+1 total plus or minus Line 4 minus Line 5.)	$_____	$_____	$_____	$_____	$_____

FORECAST OF UNEXPENDED BALANCES

Project Order	Appropriation	Authorized Funds	Balance 6/30/CY	Balance 6/30/BY	Balance 6/30/BY+1
			$	$	$

EXPLANATORY REMARKS:

Prepared by _____ Date _____

Approved by _____ Date _____

NAVORD FORM 2279(Rev 3-53)

SECTION I - ENCLOSURE 1

SECURITY INFORMATION

DEPARTMENT OF THE NAVY-BUREAU OF ORDNANCE
SUMMARY OF BUDGET ESTIMATES FOR
RESEARCH AND DEVELOPMENT

STATION _____

CY = Fiscal Year 19__
BY = " " 19__
BY+1 = " " 19__
BY+2 = " " 19__
PY = " " 19__

SCHEDULE NO. _____
REFERENCE SCHEDULE NOS. _____

SUMMARY OF ESTIMATED FISCAL YEAR OBLIGATIONS AND MAN-YEAR EFFORT

RESEARCH AND DEVELOPMENT TOTALS				
COST COMPONENT	PY(ACTUAL)	CY	BY	BY+1
Man-Years				
Direct Labor	$	$	$	$
Materials & Supplies				
Contracts				
Equipment				
Overhead				
TOTAL	$	$	$	$

FORECAST OF UNEXPENDED BALANCES

APPROPRIATION NO.	PROJECT ORDER OR ALLOTMENT	AUTHORIZED FUNDS	BALANCE 6/30/CY	BALANCE 6/30/BY	BALANCE 6/30/BY+1
		$	$	$	$
TOTALS		$	$	$	$

EXPLANATORY REMARKS:

INDICATED FUND AVAILABILITY

1. Estimated Unobligated Balance, 1 July BY

Appropriation No.	Amount
_____	$_____
_____	_____
_____	_____

TOTAL $_____

2. Support Planned by Bureau for BY $_____

3. Total Indicated Fund Availability in BY (Line 1, total plus Line 2.) $_____

4. Indicated Carryover (or Deficiency) into BY+1 (Col. BY total minus Line 3.) $_____

5. Support Planned by Bureau for BY+1 $_____

6. Indicated Carryover (or Deficiency) into BY+2 (Col. BY+1 total plus or minus Line 4, minus Line 5.) $_____

Prepared by _____ Date _____

Approved by _____ Date _____

NAVORD FORM 3276 (Rev 3-55)

SECURITY INFORMATION

DEPARTMENT OF THE NAVY BUREAU OF ORDNANCE

BUDGET ESTIMATES FOR PROGRAM

Pg. 0 Title

STATION _____

CY = FISCAL YEAR 19__
BY = FISCAL YEAR 19__
BY + 1 = FISCAL YEAR 19__
BY + 2 = FISCAL YEAR 19__
PY = FISCAL YEAR 19__

SCHEDULE NO. _____
APPROPRIATION TITLE: _____
SUBHEAD TITLE: _____

EXPENDITURE AUTHORIZATION OR PROPOSAL				ESTIMATED FUND AVAILABILITY				ESTIMATED OBLIGATIONS AND MAN-YEAR EFFORT IN BY							PROJECTION OF FUND AVAILABILITY TO COMPLETION					FORECAST OF UNEXPENDED BALANCES		
PROJECT ORDER, ALLOTMENT, OR PROPOSAL NO.	PURPOSE	APPROPRIATION AND SUBHEAD NO.	OFFICIAL COMPLETION DATE	(1) FUNDS AUTHORIZED TO DATE	(2) ESTIMATED UNOBLIGATED BALANCE ON 1 JULY, BY	(3) ADDITIONAL SUPPORT PLANNED BY BUREAU	(4) TOTAL INDICATED FUND AVAILABILITY (2) + (3)	(5) MAN-YEARS OF EFFORT	(6) DIRECT LABOR	(7) MATERIALS AND SUPPLIES	(8) CONTRACTS	(9) EQUIPMENT	(10) OVERHEAD	(11) TOTAL (SUM OF COLS. (6) THRU (10))	(12) INDICATED CARRY-OVER OR DEFICIENCY INTO BY + 1 (4) − (11)	(13) ESTIMATED OBLIGATIONS IN BY + 1	(14) INDICATED CARRY-OVER OR DEFICIENCY INTO BY + 2 (12) − (13)	(15) ESTIMATED TOTAL OBLIGATIONS 1 JULY BY TO COMPLETION	(16) INDICATED EXCESS OR DEFICIENCY OR COMPLETION (4) − (15)	(17) ESTIMATED UNEXPENDED BALANCE 6/30/CY	(18) ESTIMATED UNEXPENDED BALANCE 6/30/BY	(19) ESTIMATED UNEXPENDED BALANCE 6/30/BY + 1
				$	$	$	$		$	$	$	$	$	$	$	$	$	$	$	$	$	$
			TOTALS	$	$	$	$		$	$	$	$	$	$	$	$	$	$	$	$	$	$

PROGRAM SUMMARY OF ESTIMATES BY FISCAL YEAR				
COST COMPONENT	PY (ACTUAL)	CY	BY	BY + 1
1. MAN-YEARS				
2. DIRECT LABOR	$	$	$	$
3. MAT'LS & SUPPLIES				
4. CONTRACTS				
5. EQUIPMENT				
6. OVERHEAD				
7. TOTAL	$	$	$	$

EXPLANATORY REMARKS

PREPARED BY _____ DATE _____
APPROVED BY _____ DATE _____

NAVORD FORM 2277 (Rev 3-55)

SECURITY INFORMATION

DEPARTMENT OF THE NAVY BUREAU OF ORDNANCE
SUMMARY OF BUDGET ESTIMATES FOR

Title of Appropriation

Subhead Title

STATION

SCHEDULE NO.

REFERENCE SCHEDULE NOS.

PROGRAM (Title)	ESTIMATED FUND AVAILABILITY			
	(1) FUNDS AUTHORIZED YR DATE	(2) ESTIMATED UNOBLIGATED BALANCE ON 1 JULY BY	(3) ADDITIONAL SUPPORT PLANNED BY BUREAU	(4) TOTAL INDICATED FUND AVAILABILITY (2) PLUS (3)
	$	$	$	$
TOTALS	$	$	$	$

ESTIMATED OBLIGATIONS AND MAN-YEAR EFFORT IN BY						
(5) MAN-YEARS OF EFFORT	(6) DIRECT LABOR	(7) MATERIALS AND SUPPLIES	(8) CONTRACTS	(9) EQUIPMENT	(10) OVERHEAD	(11) TOTAL (SUM OF COLS. (6) THRU (10))
	$	$	$	$	$	$
	$	$	$	$	$	$

PROJECTION OF FUND AVAILABILITY TO COMPLETION				
(12) INDICATED CARRY-OVER (OR DEFICIENCY) INTO BY + 1 (4) MINUS (11)	(13) ESTIMATED TOTAL OBLIGATIONS IN BY + 1	(14) INDICATED CARRY-OVER (OR DEFICIENCY) INTO BY + 2 (12) MINUS (13)	(15) ESTIMATED TOTAL OBLIGATIONS 1 JULY BY TO COMPLETION	(16) INDICATED EXCESS OR DEFICIENCY TO COMPLETION (4) MINUS (15)
$	$	$	$	$
$	$	$	$	$

FORECAST OF UNEXPENDED BALANCES			
APPROPRIATION AND SUBHEAD NO.	TOTALS TO 6/30/CY	TOTALS TO 6/30/BY	TOTALS TO 6/30/BY+1
	$	$	$

SUMMARY OF ESTIMATES BY FISCAL YEAR				
COST COMPONENT	PY (ACTUAL)	CY	BY	BY + 1
Man-Years				
Direct Labor	$	$	$	$
Materials & Supplies				
Contracts				
Equipment				
Overhead				
TOTALS	$	$	$	$

EXPLANATORY REMARKS:

PREPARED BY _____ DATE _____

APPROVED BY _____ DATE _____

SECTION I - EXHIBIT 1

THESE EXPENSES ARE INITIALLY FINANCED FROM THE STATION MAINTENANCE AND OPERATION ALLOTMENT. A PORTION OF THESE EXPENSES ARE DISTRIBUTED AS OVERHEAD TO PRODUCTIVE PROJECTS. THE REMAINING, OR NON-DISTRIBUTABLE EXPENSES ARE CHARGED TO THE STATION MAINTENANCE AND OPERATION ALLOTMENT.

ONE OF THE PRIMARY PURPOSES IN DEVELOPING OF THE REVISED INDIRECT FUNCTIONS WAS TO BRING THE GENERAL EXPENSE FUNCTIONS USED FOR COST ACCOUNTING PURPOSES AND THE WORK MEASUREMENT FUNCTIONS FOR ACCUMULATING DATA FOR WORK MEASUREMENT REPORTING INTO AGREEMENT AS FAR AS POSSIBLE. THE GENERAL EXPENSE FUNCTIONS PERTAIN TO THE ACCUMULATING AND REPORTING OF DOLLAR COST EXPENDITURES BY THE JOB ORDER SYSTEM. THE WORK MEASUREMENT FUNCTIONS ARE CONCERNED WITH MAN HOURS AND WORK UNITS FOR WORK MEASUREMENT REPORTING PURPOSES. MANY OF THE INDIRECT, GENERAL EXPENSE FUNCTIONS WERE REVISED AND CORRELATED WITH THE WORK MEASUREMENT FUNCTIONS SO THAT THE ACCUMULATION AND REPORTING OF INFORMATION FOR BOTH REPORTS COULD BE ACCOMPLISHED IN MOST CASES BY USE OF THE TIME CARDS AT THE FIELD ACTIVITIES. FOR EXAMPLE, THE WORK MEASUREMENT FUNCTION FOR SECURITY IS 105. THE GENERAL EXPENSE FUNCTION

THESE EXPENSES ARE INITIALLY FINANCED FROM THE STATION MAINTENANCE AND OPERATION ALLOTMENT. A PORTION OF THESE EXPENSES ARE DISTRIBUTED AS OVERHEAD TO PRODUCTIVE PROJECTS. THE REMAINING, OR NON-DISTRIBUTABLE EXPENSES ARE CHARGED TO THE STATION MAINTENANCE AND OPERATION ALLOTMENT.

ONE OF THE PRIMARY PURPOSES IN DEVELOPING OF THE REVISED INDIRECT FUNCTIONS WAS TO BRING THE GENERAL EXPENSE FUNCTIONS USED FOR COST ACCOUNTING PURPOSES AND THE WORK MEASUREMENT FUNCTIONS FOR ACCUMULATING DATA FOR WORK MEASUREMENT REPORTING INTO AGREEMENT AS FAR AS POSSIBLE. THE GENERAL EXPENSE FUNCTIONS PERTAIN TO THE ACCUMULATING AND REPORTING OF DOLLAR COST EXPENDITURES BY THE JOB ORDER SYSTEM. THE WORK MEASUREMENT FUNCTIONS ARE CONCERNED WITH MAN HOURS AND WORK UNITS FOR WORK MEASUREMENT REPORTING PURPOSES. MANY OF THE INDIRECT GENERAL EXPENSE FUNCTIONS WERE REVISED AND CORRELATED WITH THE WORK MEASUREMENT FUNCTIONS SO THAT THE ACCUMULATION AND GENERATED OF INFORMATION FOR BOTH REPORTS COULD ACCOMPLISHED IN MOST CASES BY USE OF THE TIME CARDS AT THE FIELD ACTIVITIES. FOR EXAMPLE, THE WORK MEASUREMENT FUNCTION FOR SECURITY IS 105. THE GENERAL EXPENSE FUNCTI

FOR SECURITY IS 45105. THEREFORE BY RECORDING CHARGES FOR SALARIES OF GUARDS FOR EIGHT HOURS AGAINST A JOB ORDER, SUCH AS, 36001/45105/100 ON THE DAILY TIME CARDS, THE INFORMATION IS ALSO AVAILABLE FOR THE WORK MEASUREMENT FUNCTION 105.

NAVORD FORM 2280, SHOWN ON PAGE 62, IS THE FORM USED FOR SUBMISSION OF THE INDIRECT BUDGET. NOTE HOW THE WORK UNITS FOR WORK MEASUREMENT ARE REQUIRED IN ADDITION TO THE DOLLAR COSTS FOR LABOR, MATERIALS, CONTRACTS, APA MATERIAL AND PLANT ACCOUNT EQUIPMENT FOR EACH BUDGET FUNCTION.

NAVORD FORM 2281, SHOWN ON THE REVERSE OF NAVORD FORM 2280, IS A SUMMARY OF THE INDIRECT FUND REQUIREMENTS BY COST COMPONENT AND PROGRAM FOR THE INDIRECT BUDGET.

PERSONNEL BUDGET -- THE ANNUAL PERSONNEL BUDGET IS A COMPUTATION OF THE PERSONNEL REQUIREMENTS, INCLUDING THE TOTAL BUDGETED MAN YEARS FOR THE STATION FOR THE BUDGET YEAR. THE PERSONNEL BUDGET IS BOTH A DISTINCT AND SEPARATE SET OF ESTIMATES AND A SUMMARY OF THE OTHER ESTIMATES IN THE DIRECT BUDGET AND INDIRECT BUDGETS. IT WILL REFLECT ONE OF THE BASIC BUDGET POLICY DECISIONS MADE BY STATION MANAGEMENT, THAT IS, THE DETERMINATION OF THE NUMBERS AND

FOR SECURITY IS 4010\0. THEREFORE BY ALLOCATING CHARGES FOR SALARIES OR GUARDS FOR EXTRA HOURS AGAINST A JOB ORDER NUMBER AS, 4001\0\100\100 ON THE DAILY TIME CARDS, THE IN-FORMATION IS ALSO AVAILABLE FOR THE WORK MEASUREMENT FUNCTION 105.

TAPCOS FORM 4200, SHOWN ON PAGE 62, IS THE FORM USED FOR SUBMISSION OF THE INDIRECT BUDGET. NOTE HOW THE WORK UNITS FOR WORK MEASUREMENT ARE REFLECTED IN ADDITION TO THE DOLLAR COSTS FOR LABOR, MATERIALS, CONTRACTS, AND MATERIAL AND PLANT ACCOUNT EQUIPMENT FOR EACH BUDGET DIRECTION.

TAPCOS FORM 4200A, SHOWN ON THE REVERSE OF TAPCOS FORM 4200, IS A SUMMARY OF THE INDIRECT FUND REQUIREMENTS BY COST COMPONENT AND PROGRAM FOR THE INDIRECT BUDGET.

PERSONNEL BUDGET -- THE ANNUAL PERSONNEL BUDGET IS A COMPILATION OF THE PERSONNEL REQUIREMENTS, INCLUDING THE TOTAL BUDGETED MAN YEARS FOR THE ESTATE FOR THE FUND YEAR. THE PERSONNEL BUDGET IS BUT A DIRECT AND PARAL-LEL OF ESTIMATES AND A SUMMARY OF THE OTHER ESTIMATES IN THE DIRECT BUDGET AND INDIRECT BUDGETS. IT WILL REFLECT ONE OF THE BASIC BUDGET POLICY DECISIONS MADE BY STATION MANAGEMENT, THAT IS, THE DETERMINATION OF THE NUMBER AND

NAVORD FORM [illegible](Rev 2-53)

BUREAU OF ORDNANCE

DEPARTMENT OF THE NAVY

INDIRECT COST BUDGET

Schedule No. ________

Station ____________________

Budget Function No. ______, ______ Title Distributable ______ $ Non-Distributable ______ $ Work Unit ______	Work Units	Man Years					Labor Cost			Materials & Supplies	Contracts	Plant Account Equipment (non-add)	A.P.A. Material (non-add)	Total Cost	Distributable Am't.	Non-Distributable Am't.
		Military	Civilian				Straight Time and Leave	Overtime	Totala							
			IV-B	Non-IV-B	Overtime	Total										
Past Year, fiscal year 19							$	$	$	$	$	$	$	$	$	$
Current Year, fiscal yaar 19																
Budget Year, fiscal year 19																

Narrative statement:

Schedule No. ________

Budget Function No. ______, ______ Title Distributabla ______ $ Non-Distributable ______ $ Work Unit ______	Work Units	Man Years					Labor Cost			Materials & Supplies	Contracts	Plant Account Equipment (non-add)	A.P.A. Matarial (non-add)	Total Cost	Distributable Am't.	Non-Distributable Am't.
		Military	Civilian				Straight Time and Leave	Overtime	Totals							
			IV-B	Non-IV-B	Overtime	Total										
Past Year, fiscal year 19							$	$	$	$	$	$	$	$	$	$
Current Year, fiscal year 19																
Budget Year, fiscal year 19																

Narrative statement:

Schedule No. ________

Budget Function No. ______, ______ Title Distributable ______ $ Non-Distributable ______ $ Work Unit ______	Work Units	Man Years					Labor Cost			Materials & Supplies	Contracts	Plant Account Equipment (non-add)	A.P.A. Matarial (non-add)	Total Cost	Distributable Am't.	Non-Distributable Am't.
		Military	Civilian				Straight Time and Leave	Overtime	Totals							
			IV-B	Non-IV-B	Overtime	Total										
Past Year, fiscal year 19							$	$	$	$	$	$	$	$	$	$
Current Year, fiscal year 19																
Budget Year, fiscal year 19																

Narrative statement:

Schedule No. ________

Budget Function No. ______, ______ Title Distributable ______ $ Non-Distributable ______ $ Work Unit ______	Work Units	Man Years					Labor Cost			Materials & Supplies	Contracts	Plant Account Equipment (non-add)	A.P.A. Matarial (non-add)	Total Cost	Distributable Am't.	Non-Distributable Am't.
		Military	Civilian				Straight Time and Leave	Overtime	Totals							
			IV-B	Non-IV-B	Overtime	Total										
Past Year, fiscal year 19							$	$	$	$	$	$	$	$	$	$
Currant Year, fiscal year 19																
Budget Year, fiscal year 19																

Narrative statement:

BuORD FORM 2051(Rev 3-53)

BUREAU OF ORDNANCE

DEPARTMENT OF THE NAVY

SUMMARY OF INDIRECT FUND REQUIREMENTS

BY COST COMPONENT AND PROGRAM

SCHEDULE NO._____

STATION_____

B.Y. 19____

Schedule No's	INDIRECT PROGRAMS	B. Y. Man Years Military	B. Y. Man Years Civilian IS-B	B. Y. Man Years Civilian Non-IY-B	B. Y. Man Years Civilian Overtime	B. Y. Man Years Civilian Total	B. Y. Man Years Straight Time and Leave	B. Y. Man Years Overtime	B. Y. Man Years Total	B. Y. Material & Supplies	B. Y. Contracts	B. Y. A.P.A. Material (Non-add)	B. Y. Total	B. Y. Distributable Am't.	B. Y. Non-Distributable Am't.	C. Y. Total	C. Y. Distributable Am't.	C. Y. Non-Distributable Am't.	P. Y. Total	P. Y. Distributable Am't.	P. Y. Non-Distributable Am't.
	MAINTENANCE and OPERATIONS						$	$	$	$	$	$ ( )	$	$	$	$	$	$	$	$	$
	Administration											( )									
	Transportation											( )									
	Waterfront & Waterfront Structures											( )									
	Building Maintenance											( )									
	Grounds & Ground Structures											( )									
	Service Shops											( )									
	Miscellaneous											( )									
	Utilities											( )									
	Less credit for utility payments																				
	Net utility costs											( )									
	Productive											( )									
	LEAVE OF PROJECT PERSONNEL											( )									
	TERMINAL LEAVE (NON-AOD)											( )									
	EXPLORATORY AND FOUNDATIONAL RESEARCH											( )									
	PLANT IMPROVEMENT (LESS THAN $2,000)											( )									
	REPAIRS, NON-ROUTINE (LESS THAN $5,000)											( )									
	EQUIPMENT, PLANT ACCOUNT (CHARGEABLE TO M & O ALLOTMENT)											( )									
	PURCHASES FOR STORES ($2000)											( )									
	COMMUNITY COSTS (NON-AOD)											( )									
	TOTALS						$	$	$	$	$	$ ( )	$	$	$	$	$	$	$	$	$

A.P.A. Overhead Adjustment $_____ (-) $_____

Total Distributable Overhead $_____

Net Requirement, Maintenance & Operation Allotment $_____

	Miscellaneous Indirect Costs (Other than Maintenance & Operations Allotment)																				

KINDS OF PERSONNEL WHO WILL BE REQUIRED TO EXECUTE THE STATION'S WORKLOAD IN THE BUDGET YEAR.

NAVORD FORM 2272, SHOWN AS AN ILLUSTRATION ON PAGE 64, IS A SAMPLE ANNUAL PERSONNEL BUDGET. IT HAS TWO SEPARATE BUT RELATED PARTS. THE FIRST PART IS ENTITLED "PROPOSED ON-BOARD COUNTS" AND IS, IN EFFECT, THE HIRING PLAN PROPOSED TO THE BUREAU BY THE STATION. THE LOWER HALF OF THE SCHEDULE IS ENTITLED "ANALYSIS OF MAN-YEAR DISTRIBUTION" AND PRESENTS A BREAKDOWN OF THE MAN-YEARS, BUDGETED IN THE DIRECT COSTS AND INDIRECT COSTS BUDGETS, IN TERMS OF STRAIGHT TIME, OVERTIME AND LEAVE OVERHEAD.

CAPITAL BUDGET -- NAVORD FORM 2283, SHOWN ON PAGE 65, IS USED IN ESTIMATING THE CAPITAL FUND REQUIREMENTS. THE CAPITAL BUDGET IS A SIGNIFICANT PORTION OF THE OVERALL PICTURE.

THIS FORM CONTAINS REQUESTS FOR FUNDS WHICH WILL BE FOR ADDITIONS TO OR REPLACEMENTS FOR STATION PLANT ACCOUNT PROPERTY.

ITEMS LISTED ON LINES ONE TO TEN OF FORM 2283 ARE FINANCED FROM THE STATION MAINTENANCE AND OPERATION ALLOTMENT. ITEMS LISTED ON LINES ELEVEN TO EIGHTEEN ARE FINANCED FOR OTHER ALLOTMENTS GRANTED TO THE STATION.

KINDS OF PERSONNEL WHO WILL BE REQUIRED TO EXECUTE THE STATION'S WORKLOAD IN THE BUDGET YEAR.

LAYOUT FORM 6172, SHOWN AS AN ILLUSTRATION OF FORM 6[illegible], IS A PARTIAL ANNUAL PERSONNEL BUDGET. IT HAS TWO SEPARATE SUBDIVIDED PARTS. THE FIRST PART IS ENTITLED "PROGRESS ON-GOING DOWNTO" AND IS, IN EFFECT, THE HIRING PLAN PROPOSED TO THE BUDGET BY THE STATION. THE LOWER HALF OF THE SCHEDULE IS ENTITLED "ANALYSIS OF MAN-YEAR DISTRIBUTION" AND PRESENTS A BREAKDOWN OF THE MAN-YEARS, ALLOCATED IN THE DIRECT COSTS AND INDIRECT COSTS BUDGETS, IN TERMS OF STRAIGHT TIME, OVERTIME AND LEAVE OVERHEAD.

CAPITAL BUDGET -- FORM 6263, SHOWN ON PAGE [illegible], IS USED IN ESTIMATING THE CAPITAL FUND REQUIREMENTS. THE CAPITAL BUDGET IS A FINANCIAL PORTION OF THE OVERALL PICTURE.

THIS FORM CONTAINS SUBHEADS FOR ITEMS WHICH WILL FOR ADDITIONS TO OR REPLACEMENTS FOR STATION PLANT ACCOUNT PROPERTY.

ITEMS LISTED ON LINES ONE TO TEN OF FORM 6263 ARE FINANCED FROM THE STATION MAINTENANCE AND OPERATION BUDGET MONEY. ITEMS LISTED ON LINES ELEVEN TO EIGHTEEN ARE FINANCED FROM OTHER BUDGETS CHARGED TO THE STATION.

NAVORD FORM 2272 (New 2-53)

DEPARTMENT OF THE NAVY
BUREAU OF ORDNANCE

Annual Personnel Budget

S A M P L E

Station _____

for FY 19 _____

Proposed On-Board Counts					
Personnel Distribution	1 July	1 Oct	1 Jan	1 Apr	30 Jun
1. Graded (IVB) Employees	450	450	450	450	450
2. Non-Graded (non IVB) Employees	850	1050	1050	1050	1250
3. Direct Labor Employees	800	1000	1000	1000	1200
4. Indirect Labor Employees	500	500	500	500	500
Totals	1300	1500	1500	1500	1700

Analysis of Man-Year * Distribution	Indirect Labor	Direct Labor
1. Average Proposed On-Board Count	500	1,000
2. Less: Budgeted Man Years of Leave and Excused time	(-) 62	(-) 125
3. Equals: Man-Years Available for work	= 438	= 875
4. Plus: Proposed Overtime Man Years	(+) 10	(+) 50
5. Equals: Budgeted Man-Year Capacity	= 448	= 925
6. Budgeted Man-Years of Leave and Excused Time	(+) 187	XXXXXXXXXXX
7. Total Budgeted Man Years	= 635 #	925 #

* 1 Man Year = 2,080 hours

Should be equal to the totals of all budget schedules in each group.

SECTION IV - FIGURE 1

BUREAU FORM 2089(Rev 3-53)

BUREAU OF ORDNANCE

DEPARTMENT OF THE NAVY

SUMMARY OF CAPITAL FUND REQUIREMENTS

by Program

SCHEDULE NO. _____

STATION _____

B. Y. 19___

FROM SCHEDULE NO.'S.	LINE	PROGRAM	B. Y. Labor Man Years	B. Y. Labor Amount	B. Y. Materials	B. Y. Contracts	B. Y. Equipment	B. Y. Total	C. Y. Total	P. Y. Total
	1	*PLANT IMPROVEMENTS (less than $2,000)		$	$	$	$	$	$	$
	2	Buildings								
	3	Grounds & Ground Structures								
	4	Other								
	5	*REPAIRS, NON-ROUTINE (less than $5,000)								
	6	Buildings								
	7	Grounds & Ground Structures								
	8	Other								
	9	*EQUIPMENT, PLANT ACCOUNT (chargeable to Maintenance Allot.)								
	10	SUB-TOTAL								
	11	PLANT IMPROVEMENTS ($2,000 to $50,000)								
	12	REPAIRS, NON-ROUTINE ($5,000 to $50,000)								
	13	SUB-TOTAL								
	14	PRODUCTION MACHINERY								
	15	MACHINE TOOLS								
	16	SUB-TOTAL								
	17	EQUIPMENT, GENERAL PURPOSE RESEARCH								
	18	EQUIPMENT, QUALITY EVALUATION								
	19									
	20	GROSS TOTAL								
	21	LESS * PROGRAMS								
	22	NET TOTAL								

Remarks:

* Financed from Maintenance & Operations Allotment

[illegible]

IT IS UNDERSTOOD THAT THE BUREAU PLANS TO BROADEN THE CAPITAL BUDGET SECTION IN FUTURE DIRECTIVES ON THE STATION BUDGET AND REPORTING PLAN.

QUARTERLY BUDGET REPORTS -- THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM INCLUDES A QUARTERLY SUBMISSION OF PROGRESS REPORTS, EACH OF WHICH IS PHASED IN TERMS OF CORRESPONDING SCHEDULES OF ESTIMATES IN THE ANNUAL BUDGET SO THAT A READY ANALYSIS AND EVALUATION OF THE ANNUAL BUDGET BY THE STATION AND THE BUREAU MAY BE MADE. THE QUARTERLY REPORTS ALSO SERVE AS MEDIA FOR RECOMMENDING CHANGES IN THE STATION'S ANNUAL BUDGET SO THAT, IN EFFECT, A MECHANISM IS PROVIDED FOR KEEPING THE STATION'S ANNUAL BUDGET CURRENT THROUGHOUT THE FISCAL YEAR.

IT IS UNDERSTOOD THAT THE BUREAU PLANS TO MODIFY THE CAPITAL BUDGET SECTION IN FUTURE DIRECTIVES ON PRE-STATION BUDGET AND REPORTING PLAN.

QUARTERLY BUDGET REPORTS -- THE ORDINANCE ESTABLISHING BUDGET AND REPORTING SYSTEM REQUIRES A QUARTERLY SUBMISSION OF PROGRESS REPORTS, EACH OF WHICH IS PREPARED IN TERMS OF COMPARABLE EXPENDITURES OF ESTIMATED IN THE ANNUAL BUDGET SO THAT A READY ANALYSIS AND EVALUATION OF THE ACTUAL BUDGET BY THE STATION AND THE BUREAU MAY BE MADE. THE QUARTERLY REPORTS ARE SERVE AS MEDIA FOR RECOMMENDATIONS TO ALTER THE STATION'S ANNUAL BUDGET SO THAT, IN EFFECT, A VARIANCE IS NOTIFIED FOR REPORING THE STATION'S ANNUAL BUDGET DURING THE FISCAL YEA

CHAPTER VII

SUMMARY

In promulgating the Budget and Reporting System, the Bureau of Ordnance acknowledged the importance to its operations of coordinated Bureau and station planning, budget formulation, and budget execution.

The Bureau recognized the need for improvements in field budget procedures, the advantages to be gained by review and implementation of station operating budgets and the necessity for station workload planning along with budget preparation.

The following accomplishments can be attributed to the installation of the new Budget and Reporting System:

a. Presentation and defense of budget requirements to the Navy Comptroller, Bureau of the Budget, Secretary of Defense and Congress have been improved.

b. Each station under the management control of the Bureau of Ordnance now has an approved annual operating budget from the Bureau for the first time.

c. The Bureau of Ordnance has greatly increased knowledge of station capacities and requirements. This knowledge has been and will continue to be required as the Bureau adjusts funding of stations'

CHAPTER VII

CONCLUSION

IN PROMULGATING THE BUDGET AND ACCOUNTING SYSTEM, THE BUREAU OF ORDNANCE ACKNOWLEDGED THE IMPORTANCE OF INTEGRATING OPERATIONS OF COORDINATED BUREAU AND STATION PLANNING, BUDGET FORMULATION, AND BUDGET EXECUTION.

THE BUREAU RECOGNIZED THE NEED FOR IMPROVEMENTS IN FIELD BUDGET PROCEDURES. THE ADVANTAGES TO BE GAINED BY REVIEW AND IMPLEMENTATION OF STATION OPERATING BUDGETS AND THE NECESSITY FOR STATION MONTHLY PLANNING ALONG WITH BUDGET PREPARATION.

THE FOLLOWING ACCOMPLISHMENTS CAN BE ATTRIBUTED TO THE INSTALLATION OF THE NEW BUDGET AND REPORTING SYSTEM:

A. PRESENTATION AND SERVICE OF BUDGET REQUIREMENTS TO THE NAVY COMPTROLLER, BUREAU OF THE BUDGET, SECRETARY OF DEFENSE AND CONGRESS HAVE BEEN IMPROVED.

B. BASE STATION UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE NOW HAS AN APPROVED ANNUAL OPERATING BUDGET FROM THE BUREAU FOR THE FIRST TIME.

C. THE BUREAU OF ORDNANCE HAS GREATLY INCREASED KNOWLEDGE OF STATION CAPACITIES AND REQUIREMENTS. THIS KNOWLEDGE HAS BEEN AND WILL CONTINUE TO BE REQUIRED AS THE BUREAU ADJUSTS FUNDING OF STATIONS'

WORKLOAD TO EMPLOYMENT LEVELS AND BUDGETARY DECISIONS OF HIGHER AUTHORITY.

D. THE BUREAU OF ORDNANCE HAS A BASIS FOR BETTER MOBILIZATION PLANNING FOR THE DIVERSIFIED ORDNANCE ESTABLISHMENT UNDER ITS MANAGEMENT CONTROL.

TYPICAL OF THE BUREAU OF ORDNANCE'S DESIRE TO CONTINUE TO MAKE IMPROVEMENTS IN THE FINANCIAL MANAGEMENT AREA IS THE RECENT RELEASE OF NAVORD INSTRUCTION 5450.5 DATED 16 DECEMBER 1953.

THIS INSTRUCTION DISSEMINATES TO THE NAVAL ORDNANCE ESTABLISHMENTS THE BASIC PRECEPTS OF THE COMPTROLLERSHIP PROGRAM AND PRESENTS A GENERAL BUREAU OF ORDNANCE POLICY STATEMENT OF LONG-RANGE OBJECTIVES TO EFFECT EFFICIENCY AND ECONOMY IN BUREAU MANAGEMENT PRACTICES.

THE BUREAU OF ORDNANCE IS PLANNING FURTHER IMPROVEMENTS IN THE FINANCIAL MANAGEMENT AREA. IT IS UNDERSTOOD THAT IN THE VERY NEAR FUTURE A DIRECTIVE WILL BE ISSUED CONCERNING FIXED OVERHEAD RATES AT MODIFIED INDUSTRIAL ACTIVITIES.

THE FINANCIAL MANAGEMENT ACCOMPLISHMENTS IN THE PAST THREE YEARS BY THE BUREAU OF ORDNANCE ARE AN OUTSTANDING EXAMPLE OF ACTION BEING TAKEN IN THE DEPARTMENT OF THE NAVY TO IMPLEMENT TITLE IV AMENDMENTS TO THE NATIONAL SECURITY ACT OF 1947.

workload to employment levels and budgetary

decisions of higher authority.

D. The Bureau of Ordnance has a basis for better

modernization planning for its industrial ordnance

establishment under its management control.

Prior to the Bureau of Ordnance's decree to

continue to take improvements in the financial management

area in the recent release of Naval Instruction 5000.0

dated 16 December 1952.

This instruction disseminates to the Naval Ordnance

establishments the basic precepts of the Comptrollership

program and presents a general Bureau of Ordnance policy

statement of long-range objectives to effect greater efficiency &

economy in overall management and ideas.

The Bureau of Ordnance is planning further improve-

ments in the financial management area. It is understood

that in the very near future a directive will be issued

concerning fixed overhead rates at industrial industrial

activities.

The financial management accomplishments in the

past three years by the Bureau of Ordnance are an outstand-

ing example of action being taken in the department by the

Navy to implement Title II amendments to the National

Security Act of 1947.

MANY, WHEN THINKING OF THE FEDERAL GOVERNMENT, CONSIDER ONLY THAT PART LOCATED AT THE SEAT OF GOVERNMENT IN WASHINGTON, D.C. IN THE HOOVER COMMISSION REPORT IT WAS ESTIMATED THAT APPROXIMATELY 90% OF CIVILIAN PERSONNEL IN THE FEDERAL GOVERNMENT WERE LOCATED IN THE FIELD ACTIVITIES OUTSIDE OF WASHINGTON.

THEREFORE, IT IS IMPORTANT TO UNDERSTAND HOW THE FIELD ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE ASSIST IN ACCOMPLISHING THE DUTIES AND RESPONSIBILITIES ASSIGNED TO THE BUREAU BY UNITED STATES NAVY REGULATIONS AND THE SECRETARY OF THE NAVY.

BUDGETING, ACCOUNTING, AND PROGRESS REPORTING FOR THE LARGE AMOUNTS OF FUNDS GRANTED BY THE BUREAU OF ORDNANCE TO FIELD STATIONS IS A TREMENDOUS TASK. IT PLACES RESPONSIBILITY ON THE BUREAU TO PRESCRIBE ADEQUATE ACCOUNTING AND BUDGETING PROCEDURES AND SYSTEMS FOR THE FIELD. THE FIELD ACTIVITIES HAVE RESPONSIBILITIES IN COMPLYING WITH ESTABLISHED BUDGETARY AND ACCOUNTING PROCEDURES, SUBMITTING REQUIRED REPORTS BY DEADLINE DATES, EFFICIENT AND ECONOMICAL UTILIZATION AND ADMINISTRA-

NAVY, WHEN THINKING OF THE FEDERAL GOVERNMENT, CONSIDER ONLY THAT PART LOCATED AT THE SEAT OF GOVERNMENT IN WASHINGTON, D.C. IN THE HOOVER COMMISSION REPORT IT WAS ESTIMATED THAT APPROXIMATELY 30% OF CIVILIAN PERSONNEL IN THE FEDERAL GOVERNMENT WERE LOCATED IN THE FIELD ACTIVITIES OUTSIDE OF WASHINGTON.

THEREFORE, IT IS IMPORTANT TO UNDERSTAND HOW THE FIELD ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE ASSIST IN ACCOMPLISHING THE DUTIES AND RESPONSIBILITIES ASSIGNED TO THE BUREAU BY UNITED STATES NAVY REGULATIONS AND THE SECRETARY OF THE NAVY.

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TION OF FUNDS GRANTED, AND COMPLETION OF ASSIGNED TASKS AND MISSIONS.

WITH THE PRESENT EMPHASIS ON THE FINANCIAL MANAGEMENT AREA, WHICH COMMENCED WITH THE HOOVER COMMISSION REPORT AND THE TITLE IV AMENDMENTS TO THE NATIONAL SECURITY ACT OF 1947, IT IS FELT THAT IT IS ESSENTIAL THAT THE COMPTROLLERS OF EACH MILITARY DEPARTMENT AND BUREAU OR OTHER SUBDIVISION TAKE NECESSARY ACTION TO IMPLEMENT IMPROVEMENTS IN BUDGETING, ACCOUNTING, STATISTICAL, PROGRESS REPORTING, AND OTHER FINANCIAL AREAS FOR THE DEPARTMENT, BUREAU, AND THE FIELD ACTIVITIES UNDER THEIR MANAGEMENT CONTROL.

IT IS HOPED THAT THIS STUDY OF THE BUREAU OF ORDNANCE BUDGET SYSTEM WILL BE AS HELPFUL TO THOSE INTERESTED IN BUREAU-FIELD BUDGETING AND ACCOUNTING RELATIONSHIP AS IT HAS BEEN TO THE AUTHOR IN ACCUMULATING THE INFORMATION.

TION OF FUNDS GRANTED, AND CONFLICTING OR MISSPENT TAXES AND MISSPENDS.

WITH THE PRESENT EMPHASIS ON THE FINANCIAL MANAGEMENT AREA, MUCH COMMENDED WITH THE HOOVER COMMISSION REPORT AND THE FILES IF INTERESTS TO THE NATIONAL SECURITY ARE ON LOW, IS IS THAT THAT IT IS ESSENTIAL THAT THE COMPTROLLERS OF EACH MILITARY DEPARTMENT AND BUREAU OF OTHER ORGANIZATION TAKE NECESSARY ACTION TO IMPLEMENT IMPROVEMENTS IN BUDGETING, ACCOUNTING, STATISTICAL, PROGRESS REPORTING, AND OTHER FINANCIAL AREAS FOR THE DEPARTMENT, BUREAU, AND THE FIELD ACTIVITIES UNDER THEIR MANAGEMENT CONTROL.

IT IS HOPED THAT THIS STUDY OF THE BUREAU OF ORDNANCE BUDGET STUDIES WILL BE AN ERRANDL TO FURTHER INTERESTED IN BUREAU-FIELD BUDGETING AND ACCOUNTING RELATIONSHIP AS IT HAS BEEN TO THE AUTHOR IN ACCUMULATING THE INFORMATION.

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